

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

S. 2884

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1991 FOR MILITARY
ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CON-
STRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF
ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL
YEAR FOR THE ARMED FORCES AND FOR OTHER PURPOSES

PART 2

READINESS, SUSTAINABILITY, AND SUPPORT

MARCH 7, 22, 26; APRIL 4, 19, 20, 1990



Printed for the use of the Committee on Armed Services

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1990

29-573

5201-6

COMMITTEE ON ARMED SERVICES

SAM NUNN, Georgia, *Chairman*

J. JAMES EXON, Nebraska

CARL LEVIN, Michigan

EDWARD M. KENNEDY, Massachusetts

JEFF BINGAMAN, New Mexico

ALAN J. DIXON, Illinois

JOHN GLENN, Ohio

ALBERT GORE, Jr., Tennessee

TIMOTHY E. WIRTH, Colorado

RICHARD C. SHELBY, Alabama

ROBERT C. BYRD, West Virginia

JOHN W. WARNER, Virginia

STROM THURMOND, South Carolina

WILLIAM S. COHEN, Maine

PETE WILSON, California

JOHN MCCAIN, Arizona

MALCOLM WALLOP, Wyoming

SLADE GORTON, Washington

TRENT LOTT, Mississippi

DAN COATS, Indiana

ARNOLD L. PUNARO, *Staff Director*

PATRICK A. TUCKER, *Minority Staff Director and Counsel*

SUBCOMMITTEE ON READINESS, SUSTAINABILITY AND SUPPORT

ALAN J. DIXON, Illinois, *Chairman*

CARL LEVIN, Michigan

JEFF BINGAMAN, New Mexico

TIMOTHY E. WIRTH, Colorado

RICHARD C. SHELBY, Alabama

SLADE GORTON, Washington

STROM THURMOND, South Carolina

MALCOLM WALLOP, Wyoming

DAN COATS, Indiana

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

OPERATION AND MAINTENANCE PROGRAMS INCLUDING THE IMPACT OF THE DEFENSE MANAGEMENT REPORT ON LOGISTICS PROGRAMS

MARCH 7, 1990

Shycoff, Donald B., Deputy Comptroller, Department of Defense.....	Page 3
Robles, Brig. Gen. Josue, United States Army, Director, Operations and Support, Office of the Assistant Secretary of the Army (Financial Management)	30
Walsh, Rear Adm. Raymond M., United States Navy, Director, Operations Division, Office of the Chief of Naval Operations.....	44
Carson, Lt. Gen. William, United States Marine Corps, Deputy Chief of Staff for Installations and Logistics.....	61
Finan, Brig. Gen. John, United States Air Force, Director of Budget Operations, Office of the Assistant Secretary of the Air Force.....	70

DEPARTMENT OF DEFENSE AUTHORIZATION REQUEST

MARCH 22, 1990

Tuttle, Gen. William G.T., Jr., USA, Commander, U.S. Army Materiel Command.....	123
Arthur, Vice Adm. Stanley R., USN, Deputy Chief of Naval Operations (Logistics), Office of the Chief of Naval Operations.....	161
McDonald, Gen. Charles C., USAF, Commander, Air Force Logistics Command.....	196
McCausland, Lt. Gen. Charles, USAF, Director, Defense Logistics Agency.....	200

AMMUNITION PROGRAMS

MARCH 26, 1990

Greenberg, Paul J., Major General, U.S. Army, Deputy Chief of Staff for Ammunition, accompanied by Jerome H. Granrud, Major General, U.S. Army, Assistant Deputy Chief of Staff for Operations and Plans, Forces Development.....	224
Bracken, Edward R., Major General, U.S. Air Force, Director, Logistics Plans and Programs.....	244

DOD ENVIRONMENTAL PROGRAMS

APRIL 4, 1990

Berteau, David J., Principal Deputy Assistant Secretary of Defense (Production and Logistics), accompanied by Jacqueline Schafer, Assistant Secretary of the Navy (Installations and Environment), Lewis D. Walker, Deputy Assistant Secretary of the Army (Environment, Safety & Occupational Health), and Gary Vest, Deputy Assistant Secretary of the Air Force (Environment, Safety & Occupational Health).....	299
---	-----

IV

DEPARTMENT OF DEFENSE BASE CLOSURES AND REALIGNMENTS

Page

APRIL 19, 1990

Roth, Hon. William V., U.S. Senator from the State of Delaware.....	403
Berteau, David J., Principal Deputy Assistant Secretary of Defense, Production and Logistics	415

DEPARTMENT OF DEFENSE MILITARY CONSTRUCTION PROGRAMS

APRIL 20, 1990

Hinton, Henry, Associate Director, Army Issues, National Security and International Affairs Division, General Accounting Office; accompanied by Fred Dziadek, Assistant Director, Army Issues, NSIAD, and Dade Grimes, Evaluator-in-Charge, Army Issues, NSIAD	510
Berteau, David J., Principal Deputy Assistant Secretary of Defense (Production and Logistics); accompanied by Maj. Gen. Peter J. Offringa, USA, Assistant Chief of Engineers, Department of the Army; Rear Adm. Jack E. Buffington, CEC, USN, Director, Shore Activities Division, Office of the Deputy Chief of Naval Operations (Logistics); Brig. Gen. Wayne T. Adams, USMC, Director, Facilities and Services Division, Office of the Deputy Chief of Staff (Installations and Logistics); and Maj. Gen. Joseph A. Ahearn, USAF, Director of Engineering and Services, Department of the Air Force ...	528
Austin, Richard G., Acting Administrator, General Services Administration	610
Cooke, D.O., Director, Administration and Management, Office of the Secretary of Defense.....	618

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

WEDNESDAY, MARCH 7, 1990

U.S. SENATE,
SUBCOMMITTEE ON READINESS,
SUSTAINABILITY AND SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

OPERATION AND MAINTENANCE PROGRAMS INCLUDING THE IMPACT OF THE DEFENSE MANAGEMENT REPORT ON LOGISTICS PROGRAMS

The subcommittee met, pursuant to notice, at 9:35 a.m., in room SR-222, Russell Senate Office Building, Senator Alan J. Dixon (chairman of the subcommittee) presiding.

Committee members present: Senators Nunn, Levin, Dixon, Shelby, Thurmond, and Gorton.

Armed Services committee staff members present: Arnold L. Punaro, staff director, and Andrew S. Effron, general counsel.

Professional staff members present: Robert E. Bayer, John J. Hamre, David S. Lyles, and Michael J. McCord.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; Ronald P. Kelly, and George W. Lauffer, professional staff members.

Staff assistant present: Mary J. Kampo.

Committee members' assistants present: Kenneth N. Luongo, assistant to Senator Levin; Charles C. Smith, assistant to Senator Dixon; Terence M. Lynch, assistant to Senator Shelby; Lee W. Whittaker, assistant to Senator Wallop; Robert M. Soofer, assistant to Senator Gorton; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR ALAN J. DIXON, CHAIRMAN

Senator DIXON. Ladies and gentlemen, the Subcommittee on Readiness, Sustainability and Support meets here today to begin our hearings on the fiscal year 1991 defense authorization request. This subcommittee has been given a broad charter to oversee two critical measures of our military capability, the readiness of our military forces to carry out their assigned missions and the ability to sustain our forces in a conflict.

This subcommittee is responsible to the full committee and to the Senate for reviewing those elements of the defense authorization request which are associated with the operation and maintenance

nance of our forces and with those particularly related to readiness and sustainability such as conventional ammunition and spare parts.

We also reviewed the budget request for military construction and for family housing. Overall approximately 35 percent of the Defense Department's budget request or \$107 billion in fiscal year 1991 falls under the jurisdiction of this subcommittee.

Over the past 2 months the full committee has conducted hearings on the implications of the recent changes in the Soviet Union and Eastern Europe for our national security policy and our overall defense budget.

Virtually all of the Government and private witnesses that have appeared before the committee have confirmed what we have all seen on our television screens every night.

The world and the traditional threats to our national security have changed dramatically, probably in permanent ways. Our challenge is to determine whether the fiscal year 1991 budget request reflects the realities and the full dimension of the changes in the threat, the political situation in Europe and the Pacific, and the fiscal situation right here at home.

This subcommittee has been a strong supporter of readiness and sustainability programs in the military services in the past, and I am certain will continue to be so in the future. At the same time all of us realize that the overall defense budget and the size of our military establishment are going to be reduced this year and over the next 5 years.

I intend for this subcommittee to play a constructive role in that process by suggesting areas where savings can be achieved while protecting the core programs that are essential to maintaining a ready and capable force.

In our first hearing today we will receive an overview of the authorization request for the operation and maintenance accounts in fiscal 1991.

I have also asked our witnesses to address the initiatives in the defense management report that have an impact on logistics programs.

On March 22 the subcommittee will hear from the Senior Logistics Commanders of the Army, Navy, Air Force and Defense Logistics Agency on their depot maintenance and central supply programs. At that hearing we will also get into some of GAO's recent criticisms of the military services in the area of inventory management.

Next month the subcommittee will hold hearings on defense environmental programs, on conventional ammunition programs, on military construction programs and on the Department's base closure proposal.

I want to welcome our witnesses to the subcommittee this morning, Mr. Donald Shycoff, the Deputy Comptroller of the Defense Department; Brig. Gen. Joe Robles, the Director for Operations and Support in the Office of the Assistant Secretary of the Army for Financial Management; Rear Adm. Raymond Walsh, the Director of the Operations Division in the Office of the Chief of Naval Operations; Lt. Gen. William Carson, the Deputy Chief of Staff for Installations and Logistics in the Marine Corps; and Brig. Gen. John

Finan, Director of Budget Operations in the Office of the assistant Secretary of the Air Force for Financial Management.

Gentlemen, we do appreciate your being here this morning. Your full statements will be included in the record of course, and we will have questions after you have given your oral testimony.

Before you begin, let me recognize the distinguished ranking member of the subcommittee, Senator Gorton, for any opening remarks he may want to make.

Senator GORTON. Thank you, Mr. Chairman. As each of the witnesses before us is well aware, this is the Readiness Subcommittee of the Senate Armed Services Committee.

It is not only our concern that our duty to see to it that O&M funds are adequate to sustain the readiness of the armed services to engage in the ultimate missions which they are created to provide for the security of this country.

As a consequence we want the bluntest and the most thoughtful possible testimony from you gentlemen here. I am particularly interested in and concerned about savings which seem so easy at a hearing based on management improvements and the reality of any projected savings there.

And I am also quite interested in your telling us just where it is that we ought to and need to go in maintaining readiness and sustainability on the assumption that the defense budget for 1991 is not going to be what the President recommended to us in January.

It must be evident to all of you by now, as it is to us, that it is very unlikely that it will be within \$5 billion of that figure and could be less than that by multiples of that \$5 billion number.

If it turns out that the Congress makes the decision that we will spend substantially less on defense overall in 1991, how should that be reflected in the appropriations, the authorization on appropriations for operations and maintenance given sizes of each of the armed services and the necessary duties which you have in providing for that readiness and which we have in trying to see to it that whatever level the overall budget is that that readiness is not compromised in an unsatisfactory fashion.

Thank you, Mr. Chairman.

Senator DIXON. I thank you, Senator Gorton.

Mr. Shycoff, we thank you for accommodating us this morning, and if you will keep your remarks as reasonably short as you can, we will develop a great deal more information that is helpful for my colleagues and this Senator from the Q and A. Mr. Shycoff, we are delighted to have you here.

**STATEMENT OF DONALD B. SHYCOFF, DEPUTY COMPTROLLER,
DEPARTMENT OF DEFENSE**

Mr. SHYCOFF. Thank you very much, Mr. Chairman.

With your permission I will go to a very brief overview using some charts to give you a little overview of O&M and the relationship of the Defense Management report to O&M. I will try to show you how we have reflected that in the budget and how we believe that we can achieve some significant savings without affecting readiness which is, I believe, what all of us are trying to do.

After my brief overview each of the military services will have a short statement. May I have the first chart, please.

I believe you have copies of these in front of you, Mr. Chairman.

FY 1991 OPERATION AND MAINTENANCE BUDGET

FUNDING

FY 1991 O&M budget request is \$90.1 billion, reflecting a net increase over the FY 1990 level of \$3.3 billion. This change is comprised of: (\$ in billions)

Price growth	+ 4.3
Transfers	-2.8
Program growth	+ 1.8

Price growth reflects:

Civilian pay raise	+ 3.5%
General purchases inflation	+ 4.1%
Stock fund fuel	+ 19.4%
Nonfuel stock fund	+ 7.6% to + 22.5%
Industrial funds	-2.3% to + 22.5%

The first chart shows that our total request is \$90.1 billion, and there are quite a number of changes between accounts as a result of the Defense Management Report that I will talk about in a little while. But you can see that we have program growth of about \$1.8 billion and \$4.3 billion of the increase in the budget is because of the difference in pricing from 1 year to the next. Down below you will see some of the reasons for that.

FY 1991 OPERATION AND MAINTENANCE BUDGET

Transfers principally include: (\$ in billions)

-3.6	Supply depot operations and depot level reparable to stock funds
+ .8	Subsistence-in-kind from MILPERS

Program growth Of \$1.8 billion includes increases for:

**Drug interdiction program,
Environmental restoration efforts,
Medical,
Real property maintenance and base operating support,
Establishment of the Corporate Information Management Activity.**

On the next chart you will see that we have moved some costs from the supply system, from O&M, into the stock fund. I will talk a little more about that later.

These costs will show up later back in the O&M accounts in the program as a cost to our customers. We have also moved subsistence for military personnel into O&M. It is our feeling that all of the cost of feeding the troops should be in one appropriation.

In the past these were in the military personnel account. The costs for feeding of the troops on base were already in O&M and now all of the costs of feeding them are in one appropriation.

So, as we went through the budget this year—and what you will see in the Defense Management Report is an attempt on our part to realign funding in ways that will induce better management—that would give people a clearer indication of who was responsible. And so some of the changes that we have made we hope will give managers the tools to do the job, and reduce costs and therefore not affect readiness. That is really what the Defense Management Report is all about.

The bottom part of the chart lists the composition of the \$1.8 billion worth of growth which each of the members from the services will talk about in more detail as we get into that. You will see that we are supporting—

Senator DIXON. If I could interrupt, Mr. Shycoff, the drug interdiction feature of the \$1.8 billion I do not recall. How much is that in gross amount?

Mr. SHYCOFF. The total program is \$1.2 billion, an increase of approximately \$200 million over this year and reflects the support that the Department is giving to that program despite the lower budget in total.

FY 1991 OPERATION AND MAINTENANCE BUDGET

By Component the program growth is: (\$ in billions)

Army	+ .8
Navy and Marines	-.4
Air Force	+ .6
Defense Agencies	+ .4
Drug Interdiction	+ .2
Environmental	+ .2

The O&M program for FY 1991 reflects savings of nearly \$1.0 billion due to DMR initiatives:

Reductions in travel and transportation costs;
Streamlining Service acquisition organizations,
OSD and Defense Agency Staffs, personnel
and logistics management support activities;
Reducing contract advisory services;
Standardizing data automation systems.

The next chart shows the composition of that growth by service, and each of the services will talk to that. In addition I will talk again a little more about the defense management later, but a \$1 billion reduction is reflected in the O&M accounts because of the impact of the Defense Management Report.

FY 1991 OPERATION AND MAINTENANCE BUDGET

FORCES

The FY 1991 funding level continues to support the force levels and new equipment planned for the period and the same operating tempos planned for FY 1990. These show:

Army combat vehicle miles/year	800
Army tactical hours/crew/month	14.5
Navy ship OPTEMPO - deployed fleet steaming days/quarter	50.5
Navy tactical flying hours/pilot/month	25
Air Force tactical flying hours/crew/month	19.5

This next chart shows our commitment to try to retain the readiness that we have achieved. These levels of operation and activity are reflected in the budget and give you an indication that even with the reduced overall dollars in the defense budget, we do have a commitment in the Department of Defense to maintain a net readiness which is——

Senator DIXON. Are those being maintained at least at last year's level, Mr. Shycoff, flying hours and so forth?

Mr. SHYCOFF. Yes, they are.

Senator DIXON. Are they being increased or just maintained at the same level?

Mr. SHYCOFF. Being maintained at the same level.

As you know, there were significant major force changes reflected in the budget. Mr. Cheney has previously testified on that, and these, of course, will affect the level of O&M funding. Just to put today's hearing in context, I have listed again on the next chart some of the major changes that are reflected in the budget.

FY 1991 OPERATION AND MAINTENANCE BUDGET

The FY 1991 budget also reflects the following major force changes:

Deactivates 2 Army divisions in CONUS

Retires 2 battleships

Begins deactivating 2 nuclear cruisers

Deactivates 8 SSN's

Deactivates 11 destroyers

Begins Deactivating 14 Marine artillery batteries

Deploys 1 TRIDENT II submarine

Deactivates 14 B-52's

In one case we see the increase of a Trident II, an additional Trident II submarine, but these changes and forces obviously have an impact on the level of funding that each of the services will be able to talk about.

I would like to just mention an area that is going to come up and get more and more attention which is the revolving fund. Historically we get into a lot of difficulty talking about these. They are a confusing subject to a lot of people. Within the Department of Defense we have two sets of funds, stock funds and industrial funds where we generally do not ask the Congress for appropriations. But between 20 and 25 percent of the defense budget is spent through these funds. These are where we manage our major businesses, and they are going to come under increasing attention.

We have made a number of initiatives in this year's request to improve our management of those accounts. To take advantage of those devices may be not a good term, but those financial devices enable us to manage better, to give our managers better tools to again reduce costs.

What we need to do in this time of austerity is to do a better job of management to reduce costs and take the reductions that we have to take by lowering the cost of doing business and, therefore, avoid reductions in readiness.

**Department of Defense Revolving Funds
Planned Total Obligations
(Dollars in Millions)**

<u>Stock Fund</u>	<u>FY 1990</u>	<u>FY 1991</u>
Army	6,580.0	8,959.8
Navy	7,123.3	8,285.3
Air Force	9,070.1	13,139.9
Defense	<u>10,749.0</u>	<u>11,327.3</u>
Total	33,522.4	41,712.3

I have shown you in this chart that \$41 billion of the obligations that we will incur in 1991 will be through the stock fund where we buy the materials and the fuel that are used by the services.

You see the dollar request in terms of flying hours, steaming hours and the things we talked about earlier, but this is where we incur the cost to the Government and it is how well we manage this that initially counts.

As you mentioned, when you talk about inventory in subsequent hearings that you're going to have, it's how well we do our job here that will have a bigger impact on whether or not we can maintain the readiness that we have achieved.

We are asking for \$1.8 billion in the stock fund which this committee will look at. This is where we ask for war reserve funds and about \$700 million of this turns out to get us the sustainability we

would need in the event that we did need that reserve someday in the future; and \$1 billion, a one-time request, is being asked for in this account rather than the O&M account because of the time frame of implementing the new financial change which we will talk about at a subsequent time.

**Department of Defense Revolving Funds
Requested Appropriations
(War Reserve and Financing Requested)
(Dollars in Millions)**

<u>Stock Fund</u>	<u>FY 1990</u>	<u>FY 1991</u>
Army	-	407.0
Navy	40.5	37.2
Air Force	126.1	1,340.2
Defense	<u>78.1</u>	<u>50.0</u>
Total	244.7	1,834.4

Let me now talk about the Defense Management Report. As you know, we have——

Senator DIXON. Could I interrupt a moment. I heard you say, I think, that you are asking for \$1 billion in that account that will be explained at some point. Who will discuss that?

Mr. SHYCOFF. I will be ready to discuss that in a couple of minutes, sir.

DMR SAVINGS

	<u>FY 1991</u>	<u>Total 5 Years FY 1991-1995</u>
<u>Totals:</u>		
Dollars in Millions	\$2,300.0	\$39,000.0
Civilians	7,800	18,300
Military	8,600	24,600

We estimate that over the next 5 years we can save \$39 billion by improving the way we manage our support establishment in the Department of Defense. Our attempt through the Defense Management Report was to look for areas where we could reduce costs without affecting the level of support, and in every instance our ground rule was can we at least maintain the current level of support or improve it, and so I will talk in more detail about these changes. But our attempt here is in the Defense Management Report to maintain readiness.

We believe that we can achieve these savings of which \$2.3 billion is reflected in the fiscal year 1991 budget.

The savings that we have identified fall broadly into these six categories. The most significant is in the logistics acquisition area, primarily the supply system, we believe, by realigning the way we—the way the funds are supplied, by putting all the cost in the hands of the manager.

Today, Mr. Chairman, we fund the maintenance of supplies in the depot maintenance part of the O&M budget. We buy supplies in both the procurement account and in the stock fund.

The people who manage it are funded in the O&M account and our managers do not have the opportunity to make the trade-offs that they should, nor do they themselves necessarily understand that it may be better to spend a nickel in one place to save a dollar somewhere else.

One of the realignments we have made is to move the cost of operating the supply system into the stock fund. We have also moved the cost of funding the repair and the purchase of repairables, items that the forces have that when they break they can send back to a depot maintenance activity and get fixed and in the course of doing that avoid procurement.

The Navy began funding these items in the stock fund back in the early eighties, and achieved a savings of over 20 percent in its experience, which served as a test we conducted to see if this made sense.

What it does, is require the operating forces to buy items that they need from the stock fund instead of getting them free, and, lo and behold, we have found that when people have to pay for things, they sometimes behave differently than when they were free—that there is more discipline in this system.

In the course of this budget we have moved the Army and Air Force levels into the stock fund. This begins in fiscal year 1991 because of the time it will take us to implement the accounting system change and logistics system changes. We will continue to issue them free for 1 more year.

As a result, we will need an appropriation of \$1 billion in the stock fund for fiscal year 1991, which I mentioned previously that in the past you would have appropriated in the procurement accounts.

DMR SAVINGS
(\$ in Millions)

	<u>FY 1991</u>	<u>FY 1991 - 1995</u>
Logistics/Acquisition	1,450	21,000
Administration	300	3,700
Civilian Substitution	20	500
Automated Support & Information Systems	30	4,300
Finance, Procurement, & Contract Management	200	3,900
Consolidation Studies	<u>300</u>	<u>5,600</u>
Total	2,300	39,000

Overall we have reduced the fiscal year 1991 budget by over \$1.4 billion as a result of that change, and as you can see across the board, the chart includes the two changes I have mentioned and what we expect managers to be able to do as a result of this, the greater visibility they have of their costs, the fact that people will recognize inventory as a cost. We expect that over the 5-year period we will save at least \$21 billion in the cost of the supply system, the cost of buying supplies, the cost of managing supplies, the cost of maintaining supplies. We expect those costs to go down \$21 billion over the 5 years without any impact on the support that we give to the forces and without any impact on readiness. And, as you can see, the logistics area is the most significant of the changes in the categories of change we have here in the Defense Management Report.

Going down the rest of the list you will see in the administration area we have some streamlining of the different areas of headquarters, some reduction in travel, reduction to the OSD staff. In the

area of civilian substitution we have proposed over the next 5 years identifying a number of positions and setting some goals out there of jobs that are currently filled by military which we feel can be filled at a lower cost by civilians.

In the case, of course, of identifying them, we will have to make allowance for the fact that in some cases we need military to have sea-to-shore rotation billets and even though a job may lend itself to being civilianized, we will not be able to do that because of the sea-to-shore rotation requirements or because of the possible deployment requirements in the other services. Again, these individual jobs are being identified by the military departments.

Another major initiative which is a proposed reduction—

Senator DIXON. Could you clarify for the Chair and the ranking member? I am unclear on whether you are attempting to substitute military personnel for civilian employees to accomplish the savings that you reference in the civilian substitution account.

Mr. SHYCOFF. I am sorry, it is the other way around. Civilians for military.

Senator DIXON. You are going to substitute civilians for military personnel to do this work?

Mr. SHYCOFF. That is right.

Senator DIXON. I thank you.

Mr. SHYCOFF. In the case of the automated support and information systems, what we have here and our estimated savings of \$4.3 billion over the 5-year period is a pulling together of similar areas and functions where the four military services and in some instances the defense agencies are designing systems to accomplish the same function.

For example, each of the military services and the Defense Logistics Agency manage warehouses. Each of them have efforts underway to modernize their business systems, their information systems.

What we have already initiated, is to pull together a group of experts from each of those five components and said that instead of designing five different systems each trying to accomplish the same purpose, you people get together under the leadership of the OSD policy office and let us only design a single system and save the development costs.

We spend almost \$5 billion a year in the Department of Defense in developing automated information systems. We estimate that as we get going with this initiative, we can reduce that by at least a billion dollars per year. We are looking at accounting systems, supply systems, contract payment systems, personnel systems, payroll systems. We have 27 civilian payroll systems in the Department of Defense, most of us being paid according to the same laws, the same policies, but over the years each agency has developed its own system.

Part of it is not to be critical of the people in the past. The technology, as it existed then required that. But with the technology as it is today, we can take advantage of this and move forward.

Finally, we have a set of consolidation studies underway to see if we can find ways of reducing the overhead and, again, managing items like warehouses where we have five different components managing those and, in that case, Mr. Chairman, we have included

an estimated reduction of \$300 million as the first year's impact of the results of those studies.

We have studies underway at this date, and they are due to report to Mr. Atwood in the next 2 months in terms of the results of those studies.

**DOD-WIDE SAVINGS FROM
DEFENSE MANAGEMENT REPORT INITIATIVES
BY APPROPRIATION ACCOUNT
(\$ IN MILLIONS)**

APPROPRIATION ACCOUNT	<u>FY 1991</u>	<u>FY 1991-95</u>
Operation & Maintenance	\$701.0	\$9,127.0
Military Personnel	151.0	3,648.0
Procurement	43.0	5,835.0
RDT&E	83.0	929.0
Total Appropriated Accounts	978.0	19,539.0
OTHER:		
Stock Fund	986.0	13,005.0
Industrial Fund	55.0	1,072.0
Contingency Fund	300.0	5,450.0
Total Other	1,341.0	19,527.0
GRAND TOTAL	\$2,321.0*	\$39,068.0*

*Does not add due to rounding

Finally, I would just like to walk very quickly through the next chart to show you the impact of that \$39 billion as to how it affects the O&M accounts with \$700 million in 1991 and \$9 billion over the years affecting the operation and maintenance accounts.

In addition, most of the \$19 billion shown below in the stock fund and industrial fund, will also show up as lower prices and lower costs to the customers of those accounts which are mostly O&M.

Mr. Chairman, that completes my brief overview. I hope I have been brief enough for you. I tried to go through quickly.

[The prepared statement of Mr. Shycoff follows:]

STATEMENT OF DONALD B. SHYCOFF
PRINCIPAL DEPUTY COMPTROLLER
DEPARTMENT OF DEFENSE

I am pleased to appear before the Subcommittee on Readiness, Sustainability and Support today in order to report on the Department's approach to implementation of the Defense Management Report (DMR) initiatives, to present an overview of the Operations and Maintenance accounts and working capital funds, and discuss the effects of the DMR initiatives in both of these areas.

Beginning with the implementation of the Defense Management Report, the Department of Defense is engaged in a sustained, long-term effort to streamline its management, with a special emphasis on Defense acquisition management. The first major installment of this effort is reflected in the actions taken to reduce management costs in the FY 1991 budget. These budget savings are the result of the President's call for DoD management improvements in his February 1989 address to Congress. Following the President's request for management improvement, the Department completed the Defense Management Report (DMR) in July 1989. It sets substantial dollar savings targets for management improvement beginning in FY 1991 and continuing at least through FY 1995.

The underlying philosophy in the cost reduction part of the DMR effort is to maintain the quality of support at significantly lower cost. The ground rule for all the initiatives is as a minimum to maintain the current level of support where we hope, in some instances, to improve the quality of support. In no case is there any intent to reduce the level of support or to impact readiness. By reducing the cost of support we should be able to avoid affecting readiness as the Department adjusts its programs to the revised budget levels. In other words, these savings will enable us to avoid reductions in force levels or readiness that would have otherwise been required.

Our initial effort has identified potential savings of \$39 billion over a 5-year period. The FY 1991 budget includes \$2.3 billion of these savings. I want to emphasize that we believe that these savings can be achieved without any impact on readiness and will enable the Department to maintain greater military capabilities than would have otherwise been possible within the fiscally constrained environment.

The Department's approach to the DMR has been a cooperative effort with the full participation of the Military Departments. At this time I would like to highlight some of the details of our implementation of the Defense Management Report.

DoD's approach to achieving DMR efficiencies emphasized the following:

- Develop management efficiencies that do not require force level or strategy changes.

- Maintain the level and improve the quality of management support, while reducing the costs.
- Take advantage of the changes in technology in automation and communications.
- Increase the accountability of program managers by increasing the visibility of total program costs and by placing the costs of doing business under the control of people executing the programs.
- Achieve personnel reductions through attrition and early retirements if reductions in personnel are necessary due to streamlining and consolidations. Displaced employees will be assisted in finding appropriate positions in the Department.

With these guidelines in mind, DoD has identified areas where management efficiencies will produce savings. Acquisition and logistics management were the primary focus of this effort because:

- The President charged DoD to fully implement the Packard Commission proposals; and those recommendations mainly addressed problems in acquisition and logistics.
- Acquisition and logistics management account for about one-third of the DoD budget.
- Management deficiencies identified by OMB, by the Inspector General, and in the DoD Annual Statement of Assurance suggest there is a high potential for management efficiency and cost reduction in these areas.

In addition, emphasis was given to other functional areas including:

- Administration
- Automated Support and Information Systems
- Finance, Procurement and Contract Management
- Consolidation Studies

In each of these functional areas, budget savings were sought through the use of management efficiency concepts including:

- Consolidating operations in support areas.
- Streamlining operations by eliminating unnecessary layering and redundant functions.

- Improving business operations through better systems and procedures.
- Reducing headquarters operations where such reductions can occur without impairment to management control.

A more detailed description of initiatives in each functional area follows.

LOGISTICS

The Department spends approximately \$30 billion a year managing the supply system, including the cost of supplies. The value of inventory on hand is approximately \$100 billion and has been increasing annually. The logistics initiatives address the need for improvement of the supply system and reduced supply costs.

It has become evident that many current policies and procedures have served to impede improved operations and may have increased the cost of doing business by not allowing the flexibility to make smart management decisions. In addition to the impediments institutionalized through policy, there is the problem that "stove-pipe thinking" has also become institutionalized. One of the major changes needed is a change in mind-sets. Supply managers must see and understand -- must have visibility of -- the costs of their operations and the willingness to make trade-off decisions to do what is in the best interest of the Department. A global perspective is required as DoD moves into the future. Some of the more significant initiatives in the logistics area are as follows:

Moving Materiel Management Costs to the Stock Fund

Funding of operational costs of materiel management and distribution will be moved to the Stock Funds and these costs will be reflected in the cost of materiel through the surcharges the Military Departments pay for materiel. This allows greater visibility of the actual cost of operation. It also allows managers greater flexibility in making decisions that may ultimately result in cost reductions by taking down some of the barriers between appropriations. It is envisioned that in at least some areas manpower requirements may be increased, but with an overall decrease in the cost of the materiel. For example, a supply center may find intensified value engineering or materiel break-out efforts could break sole source contracts and result in decreased costs of materiel through increased competition. In a Supply Depot, more workyears in transportation may increase shipment consolidation, thus resulting in reduced costs.

The major cost factor is inventory, and a key to improved inventory management is increased visibility of assets. If the item manager can look into the retail, wholesale, and operating stocks, decisions to redistribute can be made rather than a

decision for a new procurement. This reduces lead time, costs, and inventory levels. Systems changes are necessary to accomplish this change, and are being programmed as DoD works toward a single logistics system.

Improved Management of Repairables

This initiative transfers Army and Air Force funding of repairable parts from direct appropriations to the stock funds. This in turn will require users to pay for items which in the past have been "free issue" and will give users an incentive to fix items locally rather than order new items. The estimated savings are the result of reduced consumption due to users having the option to choose between fixing or replacement. The Navy transferred the funding of these items to the stock fund in the early and middle eighties and has realized a reduction in demand for repairable items. The estimated savings for Army and Air Force are based on the Navy experience. There is an additional benefit by providing the inventory manager the opportunity to reprogram between the various categories of cost, because of having a single funding source for procurement and depot maintenance of repairables.

Multiple Year Contracting

Policies are being changed to assist in changing the way DoD buys and manages. As an example, one of these provides obligational authority in the stock funds to permit multiple year contracts with guaranteed minimums. The idea behind this change is to move us toward just-in-time materiel management while building long-term relationships with contractors but not binding us from moving items to more favorable contracts as practical. Multiple year contracts can drastically reduce lead times that are very costly. This will in turn significantly reduce the inventory requirement.

Reducing Transportation Costs

The Department spends \$2 billion per year on transportation of material. Some of the innovations that have taken place in the private sector will be incorporated into DoD operations. This includes the establishment of regional freight consolidation centers that will operate much like the Federal Express hubs; modifying the priority system to ensure that only those items that are urgently required are shipped separately; shipping material directly from vendors to users and utilizing a "guaranteed traffic" program that includes competitive awards to carriers to provide scheduled movements on specific routes in return for reduced rates.

Army Initiatives

The majority of Army initiatives in the logistics area are directed toward the Army Materiel Command. These initiatives,

which focus on streamlining and reduction measures, include: streamlining functions at AMC Headquarters, streamlining Depot Systems Command Headquarters, merging Logistics Support Activities into a single organization, combining Test, Measurement, and Diagnostic Equipment Activities to a single site, and streamlining the Management Engineering Activity by reducing the scope of its functions. Other initiatives include Streamlining Contract Administration Services at Army Ammunition Plants to provide a more efficient and effective organization; reducing wheeled vehicles support costs by removing overage and overmileage vehicles from the Army fleet; and logistics systems improvements by consolidating functions, reducing inventory, and reducing materiel returns.

Navy Initiatives

Navy is pursuing several specific initiatives in the logistics area. They are striving to achieve cost reductions at Naval Aviation Depots resulting from reducing commercial maintenance, ADP, direct labor and overtime, material, and administrative overhead costs. They are also attempting to improve efficiency and lower cost of ship maintenance and repair at naval shipyards through continued efforts under the Naval Industrial Improvement Program. Also, additional contract competition is being proposed in areas not previously subject to competitive review. These additional areas might include some contractor furnished equipment on new procurement aircraft, depot level repairable components, and installation of aircraft modifications.

Air Force Initiatives

The Air Force proposals in the logistics area include ADP improvements, increased contracting, and organizational restructuring and streamlining. The Air Force will reduce aircraft spare parts requirements based on automated data processing tools and improved spares computation methods, change time accounting for commercial aircraft by adopting the Federal Aviation Administration standard to measure flight time, contract base fuel activities at four bases, convert all Air Training Command service store activities to contract operations, provide for a single military/civilian system acquisition work force, reduce manpower in the Air Force Logistics Command through enhanced automated data processing tools, eliminate duplication of program management functions in the Air Force Systems Command, develop a streamlined acquisition organization by consolidating and refining the roles of Program Manager, Program Executive Officers and Service Acquisition Executive, and reduce the buying of war reserve material vehicles.

ADMINISTRATION

The Packard Commission and the DMR both called for streamlining of headquarters operations and other efficiencies that lead to

reductions in staff augmentation. A series of actions address those objectives.

Streamlining the Defense Agencies and OSD Offices

The budget reflects streamlining of the Office of the Secretary of Defense and the operations of the Defense Agencies. The Defense Agencies plan to achieve savings through organizational changes, automation improvements, and a series of management efficiencies that are spelled out in detail in the budget justification submission. The streamlining of the Office of the Secretary of Defense reflects the decision of the Secretary and Deputy Secretary of Defense to limit the role of the OSD offices to establishing policy and place the responsibility for operations in the Services and Agencies, where it belongs.

Reducing Costs of Civilian Personnel Services

The Navy has adopted a management philosophy which reduces centrally-managed regulations and gives line managers more flexibility in their personnel management. The Navy has operated with a lower ratio of personnel staff to population served than the other Services and Agencies. The Navy ratio is 1:61. By adopting a similar personnel management philosophy, the other Services should be able to reduce their ratios to the same level of the Navy.

Industrial Funding Military Personnel Cost

Military personnel costs have not previously been reflected in the cost to run industrial facilities, shipyards, ammunition plants, etc. They have been "free labor" to the managers of those activities. This is being changed in FY 1991. By including these costs in the budgets of the Industrial Fund activities we hope that the local managers will be encouraged to take more responsibility for ensuring that these costs are necessary.

Civilianization of Military Spaces In Support Functions

DoD will substitute civilian manpower for military manpower in positions which do not specifically require a military incumbent. On the average, a civilian work force is less costly than a military work force, and overhead support-type functions now being performed by military can be performed by civilians without any degradation in support. These functions include installations management, management headquarters for support commands, research and development, training and personnel, joint activities, and support activities. The savings result from the conversion of about 20,000 positions over the five-year period. Some jobs which could be performed by civilians will not be affected because of the need to meet mobilization or sea shore rotation requirements.

In addition to the Defense-wide initiatives described above each of the Military Departments identified improvements in the administration area.

Army Initiatives

The Army proposals for administrative efficiencies include reducing travel costs by increasing the use of video-teleconferencing and by relying on other telecommunications media, consolidating Army laboratories using the results of an ongoing study, consolidating operational test and evaluation under a single command and technical test and evaluation under a single command, and streamlining Information Systems Command by merging various elements and eliminating others.

Navy Initiatives

The Navy plans to streamline operations, eliminate functions and reduce staff positions on the Navy Secretariat Staff through the creation of a single acquisition office. They intend to increase productivity at the Naval Air Labs as a result of full implementation of Total Quality Management (TQM) principles, resulting in substantial savings primarily in the areas of utilities, administration, program, and improved work force allocation. Also, they plan on reducing Naval Industrial Fund cost of operations at Space and Naval Warfare R&D Labs by decreasing production and General and Administrative (G&A) costs which will be reflected in lower rates charged to all customers of the R&D labs.

Air Force Initiatives

The Air Force administration initiatives focus on reductions of personnel, elimination of duplication, and refinement of mission requirements. The Air Force will eliminate 8 of the peacetime logistics readiness centers, reduce layering, divest functions, consolidate functions and acknowledge paybacks from technology investments at the Air Force Communications Command, consolidate Public Affairs Offices of USAF Europe, reduce personnel functions at 17 numbered Air Forces, delete remaining Personnel Assistance Teams from Major Commands, restructure Headquarters Air Staff and subordinate units, streamline Security Assistance and Foreign Military Sales, and convert current east and west coast Over-the-Horizon Backscatter radar operations squadron personnel from active duty Air Force to contractor.

IMPROVING AUTOMATED MANAGEMENT INFORMATION SYSTEMS

The Department of Defense has made a strong commitment to the improvement of the way it collects, uses and manages information that supports its business operations. The Department presently spends \$9 billion annually on automated information systems that are essential to the management of the Department. DoD is committed to improving the standardization, quality and

consistency of data from its multiple management information systems.

Develop Standard Automated Data Processing Systems

Approximately \$4 billion of DoD's information systems spending is devoted to the development of new systems. A significant portion of the \$4 billion is spent on developing Service-unique systems to meet essentially the same requirement as in the other Services. The Department has traditionally had multiple management information systems performing the same or very similar functions in each Service and other organizational elements. Examples of these duplicate system developments are: payroll, warehousing, accounting, and supply management. Under this initiative, the development effort will gradually transition towards DoD-wide uniform systems. Teams of experts from the Military Services and OSD are being assembled in each of the functional areas to accomplish this objective.

Computer Aided Logistics Support

Computer aided logistics support (CALS) will allow the Department to accept digitized logistics technical information from weapon system contractors, using OSD-accepted standards, in digitized electronic format rather than hard copy. CALS will support the technical information needs of the Department and develop a network system architecture for interoperability of existing/emerging standalone technical information data bases currently used in DoD. The Navy has proposed ten separate initiatives of CALS that have the potential for improving the development, maintenance, and dissemination of logistics and design data, and have the potential for wider utilization in DoD. Acceleration of this effort in FY 1991 will achieve significant savings in the outyears.

FINANCE, PROCUREMENT AND CONTRACT MANAGEMENT

Both the financial and contract communities have recognized that further cost efficiencies and operational improvements can be achieved through the consolidation of like activities, the establishment and maintenance of control over valuable resources and property, and enhanced measurement and accountability for assets owned or contracted for by the Department. Economic benefits will be derived by more closely scrutinizing specific managerial oversight responsibilities related to financial monitoring, the consolidation of DoD contract management, and the use of consultants by DoD.

Improved Accountability for Government Furnished Material

Action has been taken to establish better control and accountability over Government Furnished Material (GFM). The primary initiative will be the development of a financial management system, as part of the DoD financial management

network, to record, monitor and account for the issuance of GFM to contractors. This system will employ traditional accounting principles and standards in a manner similar to other financial systems already in place as a control over issued materials. The system would generate financial reconciliations and accountings which do not now exist. This accountability will force contractors to be more conscientious about the use of government furnished resources, discourage requests for material in excess of requirements, correlate materials issued with finished products, and enhance recovery of unused material.

Reduction in Contracted Advisory and Assistance Services

The Department is establishing better management controls over Contracted Advisory and Assistance Services (CAAS) to improve documentation, competition and approval of services provided by consultants in this area. The initiative focuses on new requirements to maintain control over funding provided to Federally Funded Research and Development Centers and DoD funding passing through to projects situated in and managed by the Department of Energy. The controls will provide more accurate reporting of consulting costs, both in the budget justifications and the Federal Procurement Data System. This action is also responsive to the congressional concern over DoD spending on CAAS and perceptions that DoD has grown too dependent on contractors to perform work that is more appropriately performed by the Department.

Streamlining Contract Management

The DMR called for the consolidation of all DoD contract administration services into a single organization. These services have been divided among the three Military Departments and the Defense Logistics Agency (DLA) for many years. This initiative provides for placement and consolidation of nearly all of those functions in DLA. Consolidation should make possible the elimination of differing procedures for management contracts now in existence among the four agencies handling contract administration. This action will result in a significant reduction in overhead and will also make it possible to present a single face to industry on all contract management issues.

In addition to the Defense-wide initiatives described above each of the Military Departments identified improvements in this area.

Navy Initiatives

The Navy is pursuing several specific initiatives in the areas of finance and contract management. The Navy plans to streamline the procurement process by delegating additional contractual authority to the Program Executive Officer (PEO) and raising certain approval thresholds. This will reduce the

numbers of levels needed to approve waivers, thresholds and exemptions. There is an extended savings in that the streamlined acquisition approval processes should reduce contract costs as the workload on the contractor, the ultimate source of contract data, is reduced. This workload reduction will promote greater efficiency and a gradual increase in savings. Also, the Navy plans on increasing the obligational authority to buy ships in larger lots, thereby reducing the amounts of money requested for added ships. Savings result from the lower costs associated with purchase of ships in larger lots, rather than one by one or in small lots.

Air Force Initiatives

The Air Force will establish a single Funding Pool for Initial Operational Test and Evaluation Funds. This will make operations more efficient and eliminate routine tasks and resolve Initial Operational Test and Evaluation (IOT&E) funding problems resulting from scheduling changes. Also, the Air Force will utilize competitive multiyear procurement and producibility enhancements to achieve savings on the purchase of replacement satellites for the NAVSTAR Global Positioning System constellation.

FURTHER STUDIES/ANALYSES TO BE COMPLETED

The decisions taken in the preparation of the FY 1991 budget to reduce the costs of providing support services have made major management improvements and resulted in substantial dollar cuts. There are, however, a number of recommendations for future management actions which require further analysis prior to decision. In keeping with the guidance in the DMR that there must be a sustained, multiyear effort to streamline the Department's management, teams of experts are being assembled to give further study to proposals in many of the same functional areas where savings were taken in FY 1991, as well as in other areas.

These proposals appear to hold promise as a means to reduce DoD costs further without affecting military capability or reducing the level of support.

Studies of Consolidation of Management Support Operations

Study teams will be reviewing opportunities to achieve greater efficiencies through possible consolidations, management changes, and associated savings in the following areas:

Supply Depots

There are 33 supply depots in the DoD system operated by each of the three military departments and by the Defense Logistics Agency, providing supplies to all elements of the Department. Exploring consolidation in a single service or agency, are along

regional lines, may result in significant reductions in base and headquarters level overhead costs, systems development costs and better utilization of existing capacity.

Inventory Control Points

The three Military Departments and the Defense Logistics Agency operate separate supply functions, managing about 5 million items valued at approximately \$100 billion through 20 activities called Inventory Control Points. Of the 5 million items managed, 4 million are consumables, that is, items that would be used and disposed of when they have been used. Further savings in overhead, system support, mission, and facilities costs could be achieved through consolidation, realignment, transfer of items, and/or other management efficiencies. Because the operating forces depend so much on a responsive supply system great emphasis is being placed, during the course of this study, to ensure that no action will be taken that jeopardizes readiness.

Maintenance Depots

The Army, Navy and Air Force all operate separate maintenance functions for the purposes of modification, maintenance and repair of ships, planes, tanks and other major items of equipment. A study is underway to determine if savings can be achieved in overhead, better utilization of under utilized capacity, and combining of some product lines.

Automated Management Information Systems Design Centers and Operations

The Department operates "main frame" computers at approximately 1,000 locations. These operations, which are primarily supporting local customers, are engaged in software design, modification of systems, maintenance of systems, data processing operations, and administrative support. Current technology will make it possible to consolidate the computer operations at a much smaller number of information processing centers with a significant reduction in operating costs.

Accounting Operations and Finance Centers

There are four military pay systems and centers, dozens of accounting systems, and hundreds of accounting and finance stations throughout DoD. Operating savings could be realized by reducing the numbers of systems, and by a general streamlining of all accounting and finance operations. Once again changes in technology may make it possible to reduce the number of financial stations without impacting customer support.

Research and Development Laboratories and Test Facilities

Each Military Department operates laboratories and test facilities. Nine facilities are engaged in work on guided missiles, 8 work on lasers, 15 on medical research, 8 on environmental issues and 6 on psychology research. Consolidation of some of these activities, or realignments in work load could reduce costs through reduction in overhead, streamlining operations and centralization of professional staff associated with specific areas of research and technology.

The study teams are to examine all options, challenge the present way of doing business, and make recommendations about what should be done to improve efficiency and reduce duplication.

OVERVIEW OF THE OPERATION AND MAINTENANCE ACCOUNTS AND WORKING CAPITAL FUNDS

Turning to the Operation and Maintenance accounts, for FY 1991 the O&M budget request is \$90.1 billion which reflects an increase of \$3.3 billion in total obligational authority over the FY 1990 funding. Of this amount, approximately \$4.3 billion provides for price increases and there appears to be negative program growth of \$1.0 billion. However, when this latter amount is adjusted for functional transfers and funding realignments that occur between the O&M accounts and other appropriations, the program growth amount becomes positive as I will discuss later on.

The price growth amount includes \$1.3 billion in FY 1991 for a civilian pay raise of 3.5% to be effective on January 1, 1991. This follows a civilian pay raise of 3.6% in FY 1990, and the FY 1991 civilian pay raise estimate also includes the annualization effect of the earlier raise.

For the other purchases category, the O&M budgets assume an inflation rate of 4.1% in FY 1991, that is consistent with OMB guidance. We use this rate whenever we do not have specifically developed rates, such as for stock and industrial fund purchases, fuel, etc. As a matter of note, this is the same rate that is applicable in the current fiscal year.

Stabilized stock fund fuel prices are \$23.56 per barrel in FY 1990 and \$28.14 per barrel in FY 1991. This reflects a 19.4% increase for the O&M customers that is consistent with the projected cost of fuel to be acquired by the DoD Stock Fund. The stabilized fuel price for customers of the stock fund allows them to execute the planned program without concern for market changes. This is particularly advantageous in executing operational training whether it be for mechanized equipment, ship steaming or flying aircraft. Differences between stock fund cost and sales price are reflected as gains or losses in

the stock fund with gains reducing subsequent customer costs and losses being covered by direct appropriation to the stock fund.

Nonfuel stock fund and industrial fund purchases also reflect stabilized individual rates which are set for each commodity and activity group. These rates vary according to the circumstances of each individual commodity and activity group. The rates for both categories are generally higher in FY 1991 with the stock fund increases ranging from 7.6% to 22.5% and the industrial funds ranging from -2.3% to 22.5%.

In terms of foreign currency, the FY 1991 estimate is priced at the rates prevailing at the end of November 1989 and those approved by the Congress for execution during FY 1990. For example, the Deutsch Mark is pegged at 2.06:\$1 in FY 1989 and 2.03:\$1 for FY 1990 and FY 1991.

Turning to the subject of program growth, as I mentioned earlier it appears that the O&M title has negative growth of \$1.0 billion, but this, in fact, is not the case. This amount includes the effect of net transfers and funding realignments out of the O&M title of \$2.8 billion.

These transfers include shifts from O&M of \$3.5 billion, required by the Defense Management Review (DMR) initiatives, comprised of \$3.6 billion for funding of supply depot operations, inventory control points, and depot level reparable items that has been transferred to the stock funds offset by a \$.1 billion increase from the military personnel accounts for military to civilian substitutions. In addition other transfers include an increase of \$.8 billion in the O&M accounts from the military personnel appropriations reflecting the realignment of subsistence-in-kind costs, an increase of \$.2 billion from procurement for the Over the Horizon Radar in the Drug Interdiction program, and reductions from O&M of \$.3 billion being moved to procurement accounts, principally for first destination transportation and Army total package fielding. For more clarity these realignments are listed as follows:

	(\$ in Millions)
Defense Management Review	
Supply depot Operations/Inventory control	-3,106.7
Depot level reparables	-486.5
Military to civilian substitution & other	+95.1
Subsistence-in-kind	+773.7
OTH radar for drug interdiction	+242.8
First destination transportation	-152.1
Army total package fielding	-132.0
Other	-81.3
Total transfers	-2,847.0

After these transfers are considered, the O&M title in FY 1991 reflects a net 2% real growth of \$1.8 billion. Of this amount

\$.4 billion provides for increased drug interdiction and environmental restoration efforts. The remainder occurs primarily in Army medical, C3, and real property maintenance programs; the Navy TRIDENT II and real property maintenance programs; Air Force medical, training, space, real property maintenance, and base operating support programs; and the Defense Agencies increase is primarily due to establishment of the Corporate Information Management activity and for the intelligence program. As you will see in your discussions with the Services, most of the Components have some real program growth at the account level in FY 1991 with the exception of the Navy and Marine Corps which reflect overall decreases due to reductions in the ship maintenance and real property maintenance programs, respectively. With all these changes, FY 1991 funding continues to support the force levels and new equipment planned for the period as well as the same operating tempos planned to be executed in FY 1990.

In addition to the above funding realignments resulting from the DMR, the O&M accounts reflect savings of nearly \$1.0 billion in FY 1991 from other DMR initiatives that are subsumed within the \$1.8 billion program growth amount. These include reductions in travel and transportation costs; streamlining Service acquisition organizations, OSD and Defense Agencies staffs, and personnel and logistics management support activities; reducing contract advisory services; and standardizing data automation systems.

An overview of the working capital funds reflects some significant changes to the FY 1991 budget authority request from the FY 1990 baseline.

For FY 1991 the stock fund budget request is \$1.8 billion reflecting an increase of \$1.6 million over the FY 1990 funding. As I mentioned previously in the discussion of DMR initiatives, materiel management costs are being moved to the stock funds, and we are beginning the process of funding Army and Air Force repairables in the stock fund in the FY 1991 budget. As a result of these initiatives, we are requesting a one-time requirement for 1.2 billion. Also, \$.4 billion in war reserve funding associated with the transfer of repairables to the stock funds is requested in the stock funds rather than the procurement appropriations. Further, it should be noted that in FY 1991 inventory augmentation funding has been discontinued based on recommendations contained in the FY 1990 Senate Appropriations Committee report.

The industrial fund budget request in the FY 1991 budget is \$.4 billion which equals the full increase over the FY 1990 level since there was no budget request for the industrial funds last year. This request for the industrial funds is required because of the House Appropriations Committee position indicating that its committee would not agree to future passthrough of funds from the Operation and Maintenance accounts to industrial fund

activities. Consequently, authorization of the \$.4 billion is required this year in lieu of the passthroughs in order to recoup prior year operating losses and maintain solvency in the funds.

CONCLUSION

Mr. Chairman, it is very clear that the Department is going to have less resources available in the future than we have had in the past. I have attempted to outline a few of the efforts that are underway to ensure that the reduction in resources will not impact readiness. Of course, some of these ideas will turn out to be impractical or not worth doing, or we may discover that they would impact on the quality of support and therefore should not be implemented. At the same time we will continue to explore other ideas. We are committed to conducting our operations as effectively as we can and at the lowest possible cost. We obviously have a great deal on our plate but the times demand it.

I hope this outline gives the Committee an appreciation for what we are trying to accomplish and our commitment to reducing costs without reducing the quality of support. Attached to my statement are two charts which display the estimated savings for each of the functional areas. Also attached is an overview chart on the Operations and Maintenance accounts.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you and the other members of the Committee may have.

DMR SAVINGS

	<u>FY 1991</u>	<u>Total 5 Years FY 1991-1995</u>
<u>Totals:</u>		
Dollars in Millions	\$2,300.0	\$39,000.0
Civilians	7,800	18,300
Military	8,600	24,600

DMR SAVINGS
(Dollars in Millions)

<u>Functional Area</u>	<u>FY 1991</u>	<u>Total 5 Years FY 1991-1995</u>
Logistics/Acquisition	\$1,450.0	\$21,000.0
Administration	300.0	3,700.0
Automated Support & Information Systems	30.0	4,300.0
Finance, Procurement & Contract Management	200.0	3,900.0
Consolidation Studies	300.0	5,600.0

OPERATION AND MAINTENANCE BY SERVICE BY APPROPRIATION

(\$ in Millions)

	<u>FY 1989 Actual</u>	<u>FY 1990 Estimate</u>	<u>FY 1991 Estimate</u>	<u>89-90 Change</u>	<u>90-91 Change</u>
Army	25,677.5	25,546.0	26,467.9	-131.5	+921.9
Army	23,035.5	22,810.2	23,583.4	-225.3	+773.2
Army Reserve	810.8	872.1	890.4	+61.3	+18.3
Army National Guard	1,826.9	1,859.1	1,988.5	+32.2	+129.4
Rifle Practice, Army	4.3	4.6	5.6	+1.3	+1.0
Navy	28,010.5	27,369.2	27,550.4	-641.3	+181.2
Navy	25,137.5	24,559.6	24,531.6	-577.9	-28.0
Marine Corps	1,839.9	1,808.7	1,948.1	-31.2	+139.4
Navy Reserve	955.7	923.5	984.6	-32.2	+61.1
Marine Corps Reserve	77.4	77.4	86.1	-	+8.7
Air Force	25,157.2	24,817.6	25,266.8	-339.6	+449.2
Air Force	22,062.8	21,787.6	22,048.9	-275.2	+261.3
Air Force Reserve	1,072.5	1,008.5	1,042.5	-64.0	+34.0
Air National Guard	2,021.9	2,021.5	2,175.4	-4	+153.9
Defensewide	7,777.9	9,008.9	10,806.1	+1,231.0	+1,797.2
Defense Agencies	7,759.6	7,835.6	8,663.1	+76.0	+827.5
Inspector General	-	96.8	99.5	+96.8	+2.7
U.S. Court of Military Appeals, Defense	3.4	3.9	5.6	+5.5	+1.7
Goodwill Games	4.9	14.5	-	+9.6	-14.5
Humanitarian Assistance	10.0	12.8	13.0	+2.8	+2
Environmental Restoration, Defense	-	601.1	817.0	+601.1	+215.9
Drug Interdiction	-	444.2	1,207.9	+444.2	+763.7
Total Obligation Authority	86,623.0	86,741.7	90,091.2	+118.7	+3,349.5
Financing Adjustments	-401.9	18.9	.8	+420.8	-18.1
Total Budget Authority	86,221.1	86,760.6	90,092.0	+539.5	+3,331.4

Totals may not add due to rounding.

Senator DIXON. I thank you, Mr. Shycoff. We will certainly come back and develop some of that in the Q&A.

I am delighted to see the distinguished senior Senator from South Carolina here.

Senator THURMOND, did you have a statement you want to make before we complete—

Senator THURMOND. Mr. Chairman, I ask unanimous consent that it be placed in the record.

Senator DIXON. We appreciate that. It will be placed in the record.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT OF SENATOR STROM THURMOND

Thank you, Mr. Chairman:

I join you in welcoming our distinguished panel to this hearing on the fiscal year 1991 Operations and Maintenance programs.

Mr. Chairman, I want to congratulate you for selecting the Operations and Maintenance programs as the subject for the first hearing by the Subcommittee on Readiness, Sustainability, and Support. In my judgment the Operations and Maintenance account is one of the most critical funding elements that the Armed Services Committee oversees and your decision to hold this hearing so early in the cycle is a reflection of that importance.

Unfortunately my experience is that many times the Operations and Maintenance account is used as the bill payer for other programs. The results are reductions in readiness, lower working and living conditions for our soldiers and degradation of our facilities.

In reading the prepared statements, I was particularly dismayed at the growing backlog in maintenance and repair of our facilities. Although many of our facilities are old, we have been able to maintain them in good condition because of the constant repair funded through the Operations and Maintenance account. If we continue to tolerate this growing backlog of repair work, I foresee a time when it will no longer be economical to repair some of the facilities.

Mr. Chairman, I hope that despite the drive to reduce our defense expenditures, this subcommittee will provide the necessary funding to reduce our growing backlog problem. If we ignore the backlog, we are merely compounding the problem and passing it on to next year.

Thank you, Mr. Chairman.

Senator DIXON. General Robles, we are delighted to see you. Please proceed.

STATEMENT OF BRIG. GEN. JOSUE ROBLES, UNITED STATES ARMY, DIRECTOR, OPERATIONS AND SUPPORT, OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY [FINANCIAL MANAGEMENT]

General ROBLES. Thank you, Mr. Chairman. Good morning to you and members of the committee.

I am Brig. Gen. Joe Robles of the Army Budget Office, and I am here to present to you the Army's 1991 Operation and Maintenance budget request as well as talk a little about the Army stock fund and industrial fund and answer any questions you may have.

As you know, these are exciting and challenging times for those of us in the Army. I would like to take a few minutes to quickly summarize our 1991 budget request from the Army. But first of all, I think I would be remiss if I didn't thank all of you Members of the Congress for the support you gave us last year as we developed our 1990 budget request.

We received approximately \$609 million worth of increases from the Congress last year in some very critical areas. This helped us

make it through this year, by fixing those programs that were critically underfunded. We appreciate your support in areas like central supply, environmental programs, depot maintenance and our real property maintenance accounts which have historically been underfunded.

These increases assisted us in alleviating some severe problems that we were experiencing in these programs which enabled us to set a very good baseline for our fiscal 1991 request.

We were faced with many challenges as we began development of the 1991 budget request. Not only were we entering a new decade where the resource outlook was clearly on a declining pattern, but we are also adjusting to rapidly changing global situations and the fundamental restructuring of our traditional adversaries.

In addition, the implications of almost a billion dollars' worth of reductions in our last year's budget request, plus about \$274 million of transfers that went out of the O&M account to other appropriations within the Army clearly changed the mix of our programs for fiscal year 1991.

We had many hard budget decisions to make as we scaled back our personnel, our units, and our programs as we developed the 1991 budget. We also had to incorporate Defense Management Review initiatives totaling nearly \$1.2 billion in the Army, force structure reductions totaling approximately \$350 million and base realignment and closure actions into our budget.

The Defense Management Review initiatives assume some fundamental changes in the way we are going to do business in the Army in the future. The Operation and Maintenance appropriations savings for these initiatives are approximately \$455 million in fiscal 1991 and reach out as much as over \$9 billion through the 5-year period we are talking about.

Some of these major reductions that affect the Army are in reducing our travel accounts, developing more standard ADP systems, reducing our supply systems cost, and reducing transportation costs. We anticipate a very large-scale Army logistics restructuring in the way we basically do our automation for our logistics accountability and management. We are improving the management of our reparable components by using the Navy model. We are also reducing wheeled vehicle support costs primarily in overage and over-mileage vehicles that are in our inventory. Finally, we are streamlining our Army Materiel Command.

In addition, we are making several major changes in the way we manage and operate the Army stock fund and the Army Industrial Fund to incorporate the overhead costs for our Inventory Control Points and our supply depots into the cost of an item to the customer.

The Army will work hard to implement these changes and initiatives. We are optimistic that the estimated savings of \$455 million for fiscal 1991 will, in fact, be realized.

In summary, I guess if I had to give you a bottom line for the Army, it is that we are not going to be able to do everything we want to do in fiscal 1991. We will have to live with a leaner Army.

Over the last few years we have made great strides in cutting excess fat off the bone, and I would say that we are probably right

at the bone as we speak today. We believe we have a balanced budget. Admittedly, I think, a fragile balance, but we do have a balanced budget. Our 1991 OMA appropriation request supports the Army of the 1990s, which will be leaner, smaller, more lethal, more deployable and ready to meet our national strategic commitments.

Thank you, and I look forward to your questions.

[The prepared statement of General Robles follows:]

PREPARED STATEMENT OF JOSUE ROBLES, U.S. ARMY
DIRECTOR, OPERATIONS AND SUPPORT
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
(FINANCIAL MANAGEMENT)

Mr. Chairman and Members of the Committee, I am delighted to have the opportunity to present the Army's FY 1991 Operation and Maintenance, Army (OMA) Appropriation budget request.

As we leave behind the 1980's and march into the 1990's, the Army faces many challenges as we restructure our forces. The Army of the 1990's will be smaller, more versatile, highly trained, and ready so that it is a mobile fighting force capable of executing the National Military Strategy.

Embedded in this vision are the six imperatives which have shaped our planning, programming and budgeting decisions. The Army will continue to work to attract and retain quality personnel; sustain our war fighting capability; achieve an appropriate mix of forces; create tough realistic training; continue to modernize our equipment; and develop and challenge leaders. The key is planning. With careful steps the Army can restructure its professional force of volunteers into a lean nucleus of versatile, deployable and lethal units.

The OMA appropriation provides the essential funding to support the Army leadership's vision of a balanced, deployable, and lethal force. The basis of our war fighting capability is quality soldiers. Given the volunteer nature of our force we must continue to attract, challenge and retain talented individuals. We ask much of our soldiers and their families; therefore, the Army must ensure that their fundamental needs are met for such things as housing, medical care, and child care services. Additionally, the Army must train its soldiers in a realistic and demanding environment such as is offered at our Combat Training Centers and Joint Chiefs of Staff (JCS) exercises. If the time comes, our soldiers will be prepared to hit the ground running and meet the challenges that they are likely to face.

Our soldiers need to be organized into fighting units that demonstrate resolve and versatility through forward deployed units, backed by a strategic reserve force capable of rapidly projecting land forces. Additionally, given the advanced technology of today's world, our soldiers need modernized equipment, training and education, as well as support networks to ensure qualitative advantages over our potential adversaries. Finally, to lead our soldiers we need trained, competent, and confident leaders to challenge, motivate and command our soldiers in war and peace.

In recent years, with your help, we have improved the Army's readiness by recruiting and retaining quality soldiers, enhancing soldier and civilian skills, and modernizing the force with equipment of much greater capability. Maximum readiness depends on a rational balance among the investment, personnel, and operation and maintenance appropriations. As we draw down the force, in a constrained budgetary environment, we must maintain this equilibrium as we prepare for the Army of the future. We feel our FY 1991 OMA budget request provides the minimum essential funding to operate and support a lean lethal Army.

MANAGEMENT TRENDS

Given the changing political and financial terrain, the Army is stepping forward to meet the challenges of a reduced force structure and more consolidation of activities. These dramatic changes require new and innovative ways of thinking and managing to shape the Army of the future.

As you are well aware, the Army's implementation of the 1986 Packard Commission recommendations to improve the defense acquisition process and the current Defense Management Review initiative will have a major impact on the Army beginning in FY 1991. The Army Materiel Command (AMC) and Information Systems Command (ISC) will bear the brunt of the reductions in their efforts to streamline acquisition operations. A step in this direction involves the breaking out of the Program Executive Offices (PEOs) from our AMC to separate operating agency status. This action which began in FY 1990 removes a layer of management and provides direct Headquarters funding to the PEOs.

The Base Realignment and Closure actions will further transform our command and control structure. The closing of bases, transferring of missions, displacement of personnel and the required environmental clean-up projects will require total force cooperation as we move closer to a more streamlined Army.

FORCE STRUCTURE CHANGES

FY 1990 Congressional actions as well as the impact of Gramm-Rudman-Hollings sequestration brought major changes to Department of Defense force structure. The repercussions of these actions have not only directly impacted our FY 1991 budget request but, will also echo throughout the Army budget for years to come.

In FY 1991, the Army's force structure will decline from 28 divisions to 26 divisions (16 active and 10 reserve). Our FY 1991 OMA request reflects the impact of these force structure reductions. Forward deployed forces will be reduced accordingly as the nature of the global threat changes and we successfully negotiate a Conventional Forces in Europe (CFE) treaty.

The Army's civilian work force was reduced by 12,042 people from the FY 1991 column of the FY 1990/91 Amended President's Budget Request in our current FY 1991 budget request. Currently, DOD has imposed a hiring freeze for FY 1990 which will help in reducing our civilian work force.

As we bring down civilian strength levels, programs like Managing the Civilian Work Force to Budget (MCB) provide the Army maximum flexibility in utilizing its civilian work force. Currently, this test program which affects 61 Army activities in FY 1990 manages by a single dollar limit for civilian personnel costs and eliminates administrative controls on employment levels, high grade positions, and overtime. MCB will be expanded in FY 1991 to all Army activities within the Continental United States (CONUS).

OMA FUNDING PERSPECTIVE

Chart one shows the growth in the OMA budget from FY 1987 through FY 1991.

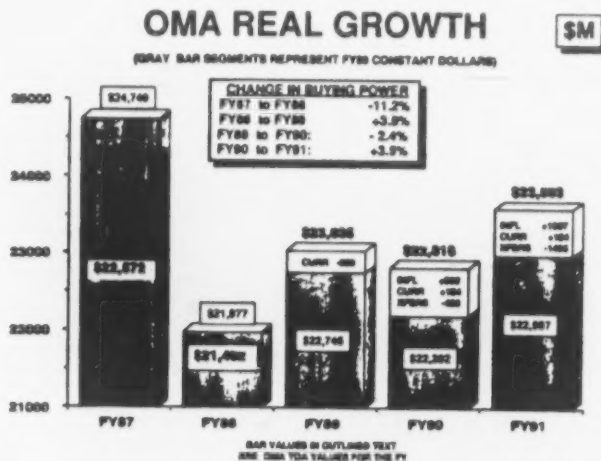


Chart two is a listing of the FY 1991 OMA budget request, by budget category, and the resulting dollar allocation:

OPERATION & MAINTENANCE, ARMY BUDGET PROGRAM

(\$ IN MILLIONS)

PROGRAM	FISCAL YEARS		
	1989	1990	1991
2 GEN PURPOSE FORCES	3,882	4,072	4,337
3I INTELLIGENCE	308	343	370
3C COMMUNICATIONS	897	1,038	1,227
7E ENVIRONMENT	233	0*	0
7S CENTRAL SUPPLY	3,189	2,842	2,829
7M MAINTENANCE	2,424	2,448	2,238
8T TRAINING	1,183	1,173	1,256
8M MEDICAL	2,487	2,559	2,871
80 OTHER	747	753	765
9S ADMINISTRATION	844	826	834
10 OTHER NATIONS SUPPORT	242	251	262
11 SPEC OPNS FORCES	198	209	0
12 BASE OPERATIONS	8,121	8,186	8,897
TOTAL PROGRAM	23,035	22,810	23,683

* ENVIRONMENTAL (DERA) FUNDS TRANSFER INTO THE ACCOUNT DURING THE YEAR OF EXECUTION. FY 1990 FIGURE IS \$294M.

HIGHLIGHTS OF THE FY 1991 OMA BUDGET REQUEST

READINESS

UNIT TRAINING

Keeping our units ready for wartime deployment is central to the Army's mission. Our recent experience in Panama during Operation Just Cause highlights the Army's need for rapid mobility of highly skilled and trained soldiers. It is essential that our units receive tough and realistic training at home stations, local training areas, combat training centers (CTC) and on Joint Chiefs of Staff (JCS) exercises. When the mobilization call comes, our soldiers must be ready to go -- there is little time for additional training.

Our CTC's are especially designed to replicate to our Army units the conditions and experience essential to be able to perform at top conditions in combat. OMA funding for the fuel, repair parts, and transportation costs of unit equipment and operations is key in this effort. Our combat training centers allow the Army to train for mid-intensity conflict under the most demanding and challenging conditions. Facilities include the National Training Center (NTC) at Fort Irwin, CA; the Combat Maneuver Training Center (CMTC) at Hohenfels, FRG; and the Joint Readiness Training Center (JRTC) at Fort Chaffee, AR. The Army's budget request supports 33 rotations to the NTC; 9 rotations to the JRTC; and provides funding for 48 rotations to CMTC which reaches full operational capability in FY 1991.

Joint Chiefs of Staff (JCS) exercises provide outstanding training and preparation for joint and combined operations. We have attempted to sustain the approximately 50 exercises at a level consistent with the increased emphasis on this type of training.

OPTEMPO

OPTEMPO is a means of allocating resources for a particular training strategy and the resultant readiness levels. This request supports a ground OPTEMPO of 800 miles and an air OPTEMPO of 14.5 hours/crew/month for FY 1991.

We are making every effort to explore alternative means of achieving valuable training from simulators, simulations and other training devices. For example, our Battle Command Training Program (BCTP) improves combat readiness through battle simulation for Corps and Division staffs. Our battle simulation centers at Division and Corps level are designed for decentralized command and staff training configured for the employment of computer simulations, terrain board models, and tactical communications necessary to replicate those forces supported by the staff being trained.

Our force modernization programs are continuing to place the most advanced equipment in the hands of our soldiers. Our budget request reflects the necessary resources to support the increased densities of modern equipment fielded in FY 1990 and prior.

We are attempting to place added emphasis on equipment maintenance. A smaller, versatile, highly trained Army must be assured of high equipment readiness. As a result, our request includes a substantial increase for direct and general support maintenance.

DEPOT MAINTENANCE

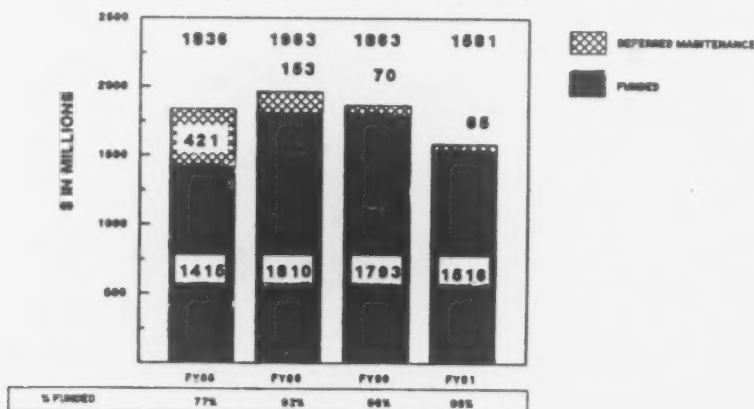
After FY 1990 Congressional action, the Depot Maintenance program was streamlined to reflect program transfers to the procurement accounts for modernization and installation of equipment and asset capitalization. The FY 1991 Depot Maintenance program fully supports our unit operations and training initiatives for an OPTEMPO of 800 miles and 14.5 flying hours.

The overall materiel maintenance program (overhaul repair) supports 96% of FY 1991 requirements. With current resources, we are not able to support 100% of our end item maintenance. End items will be maintained at 92% of our requirements. Secondary items which support near term readiness are maintained at 100%. Thanks to Congressional increases and increased management attention of maintenance requirements our deferred maintenance program (backlog) was greatly reduced in FY 1990 to \$70 million. The FY 1991 deferred maintenance program stands at \$65 million.

Chart three displays the Depot Materiel Maintenance Program and Deferred Maintenance (Backlog).

DEPOT MATERIEL MAINTENANCE

(AS OF THE FY 91 PRESIDENT'S BUDGET)



CENTRAL SUPPLY ACTIVITIES

The impact of the Army Management Review program will dramatically change the administration of this program. Specifically, funds for Supply Depots and National Inventory Control Points, previously centrally managed, will transfer to Army operating commands. Commanders will budget and expend OMA mission funds for central supply overhead through increased Army Stock Fund prices for repair parts and expendable supplies.

Central Supply Activities will continue to support the highest priority near term readiness central supply programs, INF treaty initiatives, and the highest priority second destination transportation requirements. Thanks to the \$100 million increase we received in FY 1990 for over ocean transportation, we were able to adequately fund our second destination transportation requirements. The FY 1991 budget reflects a reduction in routine transportation requirements (\$-19 million) as a result of force structure changes. However, this is offset by increases to support anticipated relocation/redistribution of equipment requirements (\$41 million). As we transition to a smaller Army, supply and transportation programs will be the linchpin in accomplishing the massive equipment redistributions that will be required. It is therefore essential, that these programs are adequately funded.

Also in FY 1990, the Army is proposing a \$117 million reprogramming action for Inventory Control Points (ICPs). Congress reduced \$125.3 million from OMA in Central Supply activities because of a DOD Inspector General Report (89-063) which identified a more cost effective process for making contract termination decisions at ICPs. However, most of the savings will be effected in the procurement appropriations. Procurement account savings have been reflected on a separate reprogramming action which addresses the transfer of funds into the Army Military Personnel appropriation. The proposed OMA reprogramming will provide the necessary resources to efficiently operate Army ICPs. Accordingly, the Army is reprogramming \$99 million from within OMA and \$18 million from procurement sources to alleviate the severity of the shortfall in this program.

PEOPLE

Soldiers, civilians and family members are the strongest and most important part of our Army. Adequate living and working conditions must be provided to encourage the best qualified and motivated people to enter and remain as active participants in the Army Team and to make Army service their career.

RECRUITING AND EXAMINING

The Army is faced with recruiting in a shrinking eligibility pool of young people. We are proud to have exceeded our FY 1989 recruiting objective. Our goal is to reduce the percentage of Category IV enlistees accepted below the FY 1989 percentage of 7%. Through effective recruiting and advertising we need to continue to bring in quality recruits and retain the good soldiers in whom we have a substantial investment.

Given the Army's force structure reductions, our recruiting goals will decrease along with the number of recruiters in the recruiting force. This budget reflects appropriate decreases due to these changes. The quality of the recruits, however, will not decline and may even increase to provide the innovative, intelligent core of soldiers, leaders, and technicians needed for the smaller force. To attract and enlist quality soldiers, we still need dedicated and skilled recruiters. These recruiters must be supported by sophisticated and modern advertising, competitive educational incentives, and enlistment bonuses to enlist and retain the soldiers of the 1990's.

HEALTH CARE

The FY 1991 Health Care Program budget provides for worldwide medical and dental services to active forces and other eligible beneficiaries; veterinary services; medical examinations performed in Military Enlistment Processing Stations; and other support activities of the Army's direct health care system. Our budget request also fully supports currently known FY 1991 CHAMPUS funding requirements.

ARMY INFORMATION RESOURCES MANAGEMENT

The Army is committed to improving the management of automation resources as directed by FY 1990 Congressional language. The FY 1990 automation ceiling coupled with constrained funding levels have resulted in a significant down scaling of automation programs throughout the Army this year. However, we believe that with prudent management the FY 1990 automation ceiling will allow our commands to execute an austere automation program without adverse civilian personnel actions and to comply with Congressional intent.

The Information Resources Management (IRM) disciplines: telecommunications, automation, visual information, records management and printing, and publications have been integrated into the day-to-day business of the Army from the battlefield to the sustaining base. These programs are critical for the new, leaner Army to maintain its edge in conflict and to achieve management efficiencies in peacetime.

The recent Operation Just Cause demonstrated the value of critical command, control communications and battlefield imagery. The FY 1991 budget reflects the Army reliance on IRM programs to ensure that appropriate, timely, and accurate information is identified and made available to meet all of our mission requirements. In fact, IRM programs are key for achieving many of the Defense Management Review initiative savings.

CIVILIAN WORK FORCE

The budgeted civilian employment level for FY 1991 supports the most critical OMA programs. The severe personnel reductions that we sustained in FY 1990 due to funding constraints have caused major changes in the support structure of the Army. As you are aware, Secretary Cheney has imposed a hiring freeze in FY 1990 in an effort to reduce civilian end strengths. The Army is aggressively pursuing options to utilize our workforce in those essential positions which provide us the greatest benefit. In paring down the workforce, we need to ensure our remaining civilians receive adequate training so that they can maximize their skills and education as they assume more functions and responsibilities. The Army is striving to achieve greater productivity from its workforce while minimizing the need for private sector contracting.

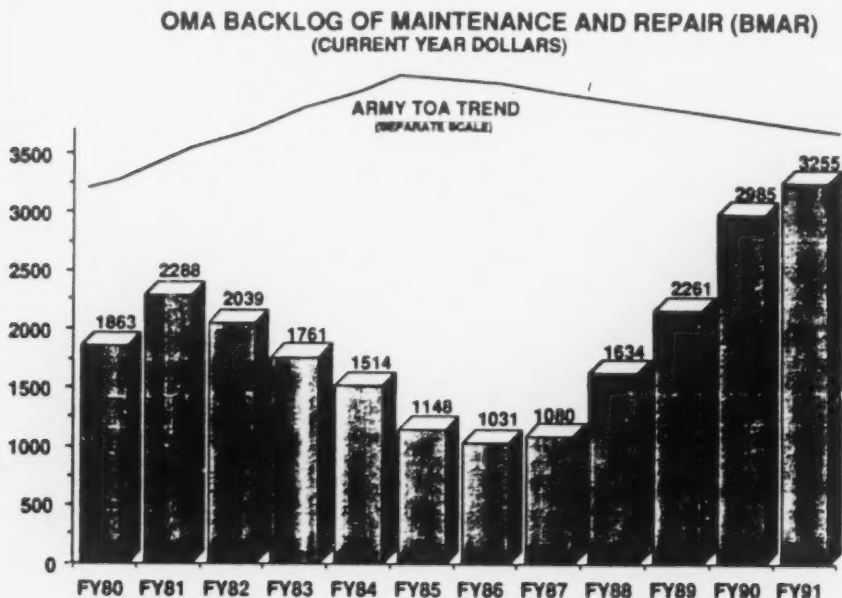
INSTALLATION OPERATIONS

The Army conducts operations at over 300 installations and activities in the United States, Europe, the Pacific, and Panama. The majority of these installations depend on OMA funding for the myriad of support functions performed by the supporting workforce and contractors.

As you are aware, the Base Operations and Real Property Maintenance Activities (RPMA) programs remain underfunded. Thanks to a \$200 million dollar increase in FY 1990, some needed repair projects will be completed. Additionally, due to implementation of Congressional language, the Army will no longer report items which have been on the BMAR list for over four years. These actions worked to decrease the backlog inventory.

Although the FY 1991 budget request does not fully finance the annual recurring requirements for RPMA, the Army has made a concerted effort to allocate significantly increased resources to the program. RPMA funding grows \$591 million over FY 1990, and the Backlog of Maintenance and Repair (BMAR) growth slows from a 32% increase in FY 1990 to a 9% increase in FY 1991. Our Commanders will continue to improvise to maintain quality of life operations given reduced funding levels at Army installations.

Chart four portrays the trend in BMAR over the past decade.



ENVIRONMENTAL PROGRAMS

With the growing concern over our environment, we are keenly aware of our responsibility to preserve and protect the resources that have been entrusted to our care. The Army is making significant progress in cleaning up installations where hazardous waste has accumulated from past disposal practices. In an effort to alleviate current environmental compliance problems, Congress increased RPMA funding by \$100 million in FY 1990. The Army continues to emphasize this vital issue in FY 1991. We have provided an additional \$140 million to cover all critical compliance requirements and a substantial portion of high priority projects.

CONCERNS

We, in the Army, are working hard to embrace our role as good stewards of the resources appropriated to us by the Congress. I believe that the budget I have outlined will support the six imperatives of the Army in the most cost effective manner. There are several areas however, that still need work, and cause me concern, as we evolve into the Army of the 1990's.

The restructuring of our force structure, both military and civilian, during FY 1990/91 is going to be our biggest challenge. The Army needs the greatest amount of flexibility in the implementation of these reductions in order not to fracture our professional volunteer Army. Personnel and force structure reductions on top of Defense and Army Management Review initiatives will drastically alter the way that we do business. With hard work and determination a lean nucleus of quality soldiers in versatile, deployable and lethal Army units can be achieved.

FY 1990 CHAMPUS requirements may be underfunded by approximately \$200 million. We will look for your support and timely assistance if a reprogramming action is required.

Finally, the rising Backlog of Maintenance and Repair is one of the biggest problems facing the FY 1991 OMA budget. By the end of FY 1990 we will have a backlog of \$2.9 billion. When you talk to Commanders in the field this is one of their most pressing concerns. This facilities maintenance backlog will be reduced if we are allowed to close un-needed installations and reduce the broad base of facilities. We thank you for the \$200 million that you gave us in FY 1990 to help reduce our backlog. With this funding, we were able to stem some of the increased decay in our facilities. We are counting on your continued support to alleviate this growing problem.

CLOSING

I am optimistic about the Army of the 1990's. It will be lean. It will be mobile. It will be well trained. It will be lethal. FY 1991 begins our transition. We have much work to do. Our FY 1991 OMA budget reflects careful thought and planning to avoid the creation of a hollow Army. It meets most of the Army's pressing needs. We have placed our dollars where they are most needed and where they can be fully executed. We look forward to your continued support in our endeavors to support and maintain our volunteer Army. Thank you.

Senator DIXON. Thank you, General Robles.
Admiral Walsh.

STATEMENT OF REAR ADM. RAYMOND M. WALSH, UNITED STATES NAVY, DIRECTOR, OPERATIONS DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Admiral WALSH. Good morning, sir.

Mr. Chairman and members of the committee, it is my pleasure to appear before you today to discuss the Navy's Operation and Maintenance program. I have a prepared statement which I will submit for the record.

Senator DIXON. It will be admitted in full.

Admiral WALSH. I would like to take a few minutes to summarize my statement to give you an overview of our efforts to maintain readiness.

Last year Secretary Gorbachev had just proposed reductions in Soviet forces and no one could have foreseen how fast democracy has advanced all over the world, an advance that we most certainly welcome. The world is changing almost faster than we can absorb, and certainly faster than we can plan for.

In the face of these changes, many have called for massive reductions in military spending. In spite of these changes, however, it is undeniable that Soviet behavior is ambiguous. Despite reductions proposed in Central Europe, Soviet naval forces continue to grow with new equipment being introduced to replace older equipment.

In addition, throughout the cold war U.S. Naval Forces have been required in a wide variety of non-Soviet-related contingencies with Libya and the Persian Gulf being recent examples. The requirement to project naval power around the world as an instrument of national policy has not diminished. This budget continues to support that flexible Navy that is and will continue to be required.

Even though the fiscal year 1991 funding for Operation and Maintenance, Navy (O&MN) is budgeted at the lowest level, in real terms, since fiscal year 1981, we are able to support these naval forces at an acceptable level of readiness. The new ship classes introduced have been designed for more efficient operations and ease of maintenance, and we have instituted management reforms and efficiencies, especially in industrially funded and supply activities, which allow us to provide this support within reduced resources.

We have supported, in the fiscal year 1991 request, congressional increases in maintenance of real property included in the 1990 base. The ship steaming and flying hour programs are maintained at fiscal year 1990 budgeted levels. The ship overhaul backlog is the same in fiscal year 1990 and fiscal year 1991, and we have decreased the number of aircraft overdue for maintenance. We have implemented initiatives in medical programs to ensure increased access to quality care for beneficiaries and reduce the more costly CHAMPUS program wherever possible. However, we still have a long way to go before we can accurately project the total cost of medical care. Past emphasis on environmental programs continues both for pollution abatement at sea and ashore and for environmental clean-up. We have implemented recommendations of the

Defense Management Review, with the bulk of the savings appearing in subsequent years. The majority of the savings in fiscal year 1991 are an extension of programs that we have had in place for several years and we are confident that they can be executed as budgeted. We have always subscribed to the policy that, to the maximum extent possible, the user should pay for services rendered and we have found this has had a natural effect of lowering requirements.

As Mr. Shycoff mentioned, in fiscal year 1985 we moved aviation depot level repairables into the stock fund and transferred funding responsibility to the users. The requirements went down by some 20 percent with no reduction in readiness. In fact, it has gone up dramatically.

A major part of the fiscal year 1991 DMR initiatives are a continuation and extension of this policy. We are also leading a Department of Defense effort to use Computer-aided Logistic Support (CALS) to cut costs and add flexibility to several programs by using computer technology, rather than paper, to support design, manufacturing and administrative workloads.

In the past, the O&MN appropriation has been used as a vehicle for adjusting revolving fund cash balances. As we increasingly structure our budget with activities supported by the revolving funds, it becomes more important to recognize that O&MN funds only about half of the revolving fund activity. Reductions for perceived excess cash in the Navy Stock Fund last year were taken entirely from O&MN, yet we did not get the full transfer authority to fill up the \$156 million hole and as a result, we took a \$156 million program reduction in the O&MN account. I would ask that you ensure that when adjustments are made to the revolving funds the distribution among customer appropriations is accurately reflected.

We are anticipating a difficult execution year in fiscal year 1990. As a way of redressing imbalances caused by applying revolving fund reductions to O&MN, we have structured the budget on the assumption that \$685 million in fiscal year 1990 will be transferred from the revolving fund cash into O&MN. Besides the uncertainty of the availability of these transfers, we were hit hard by two disasters, Hurricane Hugo and the San Francisco earthquake. While we have been given extraordinary authority to help resolve the Hugo funding problem, we are still working out a solution to the earthquake's impact. To the extent that cash balances do not support the transfers that were planned, the fiscal year 1990 program will have to be reduced or deferred with a concomitant impact on the fiscal year 1991 program.

As always, the extent to which we can successfully address problems that arise during execution depends to a large extent on our ability and flexibility to move funds within the account.

The President's budget contains Operation and Maintenance funding that supports a capable, ready Navy. We need your help in maintaining the support. I am ready to answer any questions you have, sir.

[The prepared statement of Admiral Walsh follows:]

STATEMENT OF Rear Admiral Raymond M. Walsh, USN
Director, Operations Division
Office of the Chief of Naval Operations

NAVY OPERATION AND MAINTENANCE APPROPRIATIONS

I appreciate the opportunity to appear before you today to discuss the Navy's FY 1991 budget request for the Operation and Maintenance appropriations.

The world is changing. Over the past six months we have witnessed changes greater than any seen in the past forty years. These global changes, when combined with our own national fiscal pressures to reduce the deficit, require careful reallocation of our resources. In this new world, the projection of power to support our national interests remains vital, albeit more complex. For Naval forces, that power projection is provided through air, sea and a physical presence overseas. The recent political changes in the world make overseas basing an almost overwhelming challenge. These factors mandate that in the future, our forces be well manned, well trained, well equipped, mobile, flexible and able to respond rapidly and with sufficient strength to any situation which might arise. In financial terms, FY 1991 represents a transition to our new world.

In this budget are a number of initiatives designed to improve management and address fiscal pressures and global changes. These initiatives, developed last fall during the Defense Management Review (DMR), result in a decrease comprised of transfers and savings, of \$944.9 million in FY 1991 and fall into five major categories.

Logistics initiatives such as moving Supply Depots and Inventory Control Points to the Navy Stock Fund will reduce supply costs. This initiative is consistent with our previous experience with Aviation Depot Level Repairables where funding responsibility was transferred to the users. The result has been reduced demand, reduced cost and increased readiness.

The cost of operations at Naval Aviation Depots and Naval Shipyards can be reduced through increased labor productivity, combined with efficiencies to reduce overhead costs and increased use of non-traditional competition.

We are changing the way we manage spare part inventories for foreign military customers. Previous policy has been to maintain inventories associated with foreign military sales for long periods of time. We plan to reduce the length of time these spare parts remain in the inventory. Inventory not sold to foreign governments, will be sold to the public through the Defense Reutilization and Marketing Service.

Administration initiatives reduce acquisition management staffing positions and streamline the acquisition process. Full

implementation of Total Quality Management at our laboratories will increase efficiency.

Base Operations and Facility Management initiatives reduce operations at one overseas facility and cease operations at another.

Automated Support & Information Systems initiatives commence implementation of a single DOD Business Information System. Further, another initiative is the acceleration of ten specific Navy Computer Aided Logistics Support (CALS) programs. This will result in a significant cost avoidance in the outyears. Funding for CALS is included in a Department of Defense centrally managed account.

Finally, Finance, Procurement, and Contract Management initiatives reduce reliance on Contracted Advisory and Assistance Services by converting contractor effort into civil service personnel at no increase in cost.

The FY 1991 budget also reflects a reduction in force size, including the inactivation of eight nuclear attack submarines (an increase of five SSN inactivations since the FY 1990/1991 President's Revised Budget submission) and two battleships. Seven ships are transferred to the reserve force. In consonance with these reductions, military personnel levels decline.

There are several funding transfers included in FY 1991. To more fully reflect investment-related costs in the budget, funding for first destination transportation is transferred from the Operation and Maintenance accounts to the procurement accounts. Funding for subsistence-in-kind is transferred from the Military Personnel accounts to the Operation and Maintenance accounts. Finally, funding for Central Supply Operations and Inventory Control Operations is transferred to the DON Stock Fund, whose customers will now reimburse the cost of these operations through the surcharge on Stock Fund sales.

In FY 1991, we sustain the Congressional increase in FY 1990 for maintenance and repair of real property to reduce the growing backlog of critical maintenance and repairs at naval facilities. The budget also includes an increase to reduce the backlog in aircraft rework, and other weapon systems and equipment rework. Several CHAMPUS health care contracting initiatives are reflected in the budget, as is the conversion to direct funding of reimbursed non-appropriated fund employees in Morale, Welfare, and Recreation Activities.

Finally, funding for environmental compliance projects is increased over the FY 1990/1991 Amended Budget, reflecting the

President's commitment to improving the environment.

APPROPRIATION SUMMARY

Table 1 summarizes the TOA estimates for the Department's Operation and Maintenance, Navy appropriation for the FY 1991 President's budget submission to the Congress. While FY 1990 has experienced an increase in absolute terms over FY 1989, it does not keep up with inflation and thus actually decreases from FY 1989 to FY 1990.

In real terms, the budget has declined for 6 consecutive years through this FY 1991 request. The current FY 1991 level represents a decrease from FY 1990 in both real and absolute terms, reflecting a real program reduction, after accounting for transfers, of 1.2 percent, as shown below. Succeeding sections address the request in detail.

TABLE 1
DEPARTMENT OF THE NAVY
FY 1991 BUDGET
APPROPRIATION SUMMARY
(In Millions of Dollars)

<u>Fiscal</u> <u>Year</u>	<u>TOA</u>	<u>FY 1991</u> <u>Constant \$</u>
FY 1986	\$23,175.3	\$27,988.2
FY 1987	23,375.4	27,314.7
FY 1988	24,934.4	28,240.7
FY 1989	25,137.5	27,320.5
FY 1990	24,559.6	25,755.1
FY 1991	24,531.6	24,531.6

FY 1990 ESTIMATES

The Congress enacted appropriations for FY 1990 totaling \$24.8 billion for Operation and Maintenance programs. Subsequent to enactment, certain changes have been incorporated in FY 1990 and the current estimate is \$25.5 billion. Congressionally directed reductions specified under general provisions of the Act, as well transfers proposed by the Department and authorized by various sections of the FY 1990 DoD Appropriations Act have also affected the totals. Table 2 summarizes the current FY 1990 estimate.

TABLE 2
DEPARTMENT OF THE NAVY
CHANGES TO FY 1990 ESTIMATES
(In Millions of Dollars)

	Enacted Approp	Congress. Adjust.	Seques- tration	Proposed Transfers	Proposed Deferrals	Rev Est
O&M,N	23,902.6	636.4	-	20.6	-	24,559.6
O&M,NR	894.8	28.7	-	-	-	923.5
TOTAL	24,797.4	665.1		20.6		25,483.1

The Congressional Adjustments can be attributed to the following categories:

The FY 1990 DOD Appropriations Act provided for several general reductions to amounts otherwise appropriated. Pursuant to these provisions, reductions totaling \$51.4 million for Force Structure (associated with reducing active duty personnel in the MPN account and civilian personnel in the O&M accounts), \$60.0 million were assessed against DON accounts for Contracted Advisory and Assistance Services. The O&MN share of these reductions is \$45.8 million and the O&MNR share is \$1.3 million.

Congressional action included several instances which require transfer from working capital funds in order to fund the approved O&M program. Such financing adjustments have become common in recent years to properly allocate Congressional changes to industrially funded activities and to rebalance revolving fund cash balances. For O&M,N, such transfers total \$682.2 million, comprised of \$401.0 million from NIF and \$281.2 million from NSF. Additionally, a transfer of \$30.0 million from the Defense Stock Fund to O&M,NR was generated in support of Naval Reserve programs. The balance of the change to these accounts as a result of Congressional action is due to the general reductions and realignments discussed previously (\$-45.8 million in O&M,N and \$-1.3 million in O&M,NR).

In addition to the adjustments required as a result of Congressional action, several other reprogrammings are proposed by the Department as a result of emergent requirements.

Congress appropriated \$450.0 million for the DoD Counternarcotics program. A portion of this amount is to be transferred to the Navy from the centrally-managed DoD account. In addition, funds totaling \$21.8 million would be reprogrammed into O&M,N (\$18.0 million) and OPN (\$3.8 million) for Detection and Monitoring. Funds totaling \$3.9 million would be reprogrammed into O&M,N (\$2.6 million), O&M,NC (\$0.2 million) and OPN (\$1.1 million) for CINC Initiatives. These transfers are

offset by reductions to the OPN and the RDT&E,N accounts.

OPERATION AND MAINTENANCE, NAVY

The request of \$24,531.6 million in FY 1991 will support naval operating forces including operation and maintenance of ships, aircraft (including Marine Corps aircraft), weapons and support equipment, as well as the total spectrum of ongoing activity within the Navy support establishment, including a 3.5 percent civilian pay raise effective 1 January 1991.

The budget request reflects realignments between appropriations that: transfer funding for first destination transportation charges; transfer payments for subsistence-in-kind from Military Personnel, Navy; and transfer of Navy supply center inventory control points and second destination transportation to the Navy Stock Fund. Funding for installations of modernization equipment was transferred to the procurement accounts in FY 1990.

Two new activity groups entitled Claims and Other Court Directed Activities and Military Construction Support have been established. The first includes funding for Navy Claims, and hazardous waste handling and disposal and injury compensation arising from claims submitted under the Federal Employee Compensation Act (FECA). Funding for Navy Claims was realigned out of Base Operations Support to a more appropriate activity group. The other changes are a result of realignment of programs from other budget activities. The Military Construction Support Activity Group includes equipment to outfit new construction facilities.

Strategic Forces. The Strategic Forces budget activity provides for the continuing operation and maintenance of the Navy's Fleet Ballistic Missile (FBM) Force (nuclear submarines, supporting tenders and launch area support ships) and the maintenance and modernization of their strategic weapon systems. In addition, resources also support the TRIDENT submarine life cycle logistic support system and the TRIDENT refit program, base operations support, and operations of naval space systems and strategic communications. FY 1991 program increases in Strategic Weapons Systems and the TRIDENT program reflect delivery of a TRIDENT II submarine and the further development of the submarine base at Kings Bay to support the TRIDENT II submarines and D-5 missiles. The Ship Maintenance program increase is due to a transfer from the Strategic Weapons Systems program for intermediate level maintenance support of the D-5 weapon system. Finally, the augmentation in fleet support is for the Strategic Communications program and reflects the transition of TACAMO squadrons from the EC-130 aircraft to the E-6A aircraft and the aircrew training for the new aircraft.

General Purpose Forces. The mission of the Navy's General Purpose Forces is to provide combat ready fleet forces capable of conducting strike operations and ensuring control of the sea and air in event of war, and to maintain a network of shore installations and commands. These forces deploy to the Indian Ocean, Northern, Eastern and Western Pacific, North Atlantic, Central and Eastern Mediterranean, Caribbean, and Central and South American regions.

Funding for Tactical/ASW, Fleet Air Training, Fleet Air Support and Ship Operations increases in FY 1991, primarily due to increased fuel prices and Stock Fund rate changes. FY 1990/1991 TACAIR/ASW aircrew manning for Navy and Marine Corps has been adjusted to 98%. Ship Maintenance and Modernization funding has a net decrease in FY 1991. FY 1991 Ship Operations and Ship Maintenance programs reflect the funding impact of force structure changes discussed earlier in Section II, as well as the impact of fuel price increases and stock fund and industrial fund rate changes.

Fleet Support includes funding for special combat forces, construction operations, fleet electronic command and control, and undersea surveillance. Special Combat Support funding includes the operation of twelve additional Landing Craft Air Cushion (LCAC) in FY 1991. Fleet electronic command and control funding in FY 1991 reflects full-year operations of the first operational Relocatable Over the Horizon Radar (ROTHR) site at Amchitka, Alaska. Undersea Surveillance funding provides for the activation and operation of two additional TAGOS ships and related data extrapolation in FY 1991 and increased ship operations support for Sound Undersea Surveillance System (SOSUS) classified projects and classified project expansion. Cruise Missile support funding increases in FY 1991 as more recertifications are required.

Funding for Base Support reflects a one-time increase in FY 1991 for Maintenance of Real Property (MRP) to reduce the growing backlog of critical maintenance and repair. Base Operations Support funding increases in FY 1991 for new requirements resulting from strategic homeporting and a fully operational ROTHR site.

Funding for operating tempo in support of the drug interdiction program was previously reflected in this budget activity. Starting in FY 1991, these funds are budgeted in the central DoD counternarcotics account.

Intelligence and Communications. These programs provide for collection, analysis and dissemination of intelligence,

meteorological and oceanographic data and communications support for the naval community. The FY 1991 program reflects increased funding for AUTOVON and AUTODIN rates. Also included is a significant increase to reflect renegotiation of the lease of "LEASAT" satellites, and the addition of three new oceanographic ships to conduct deep ocean and coastal surveys in support of naval operations.

Airlift and Sealift. The Strategic Sealift program provides the ability to store and rapidly move supplies and equipment overseas on cargo ships and tankers to potential areas of deployment, and ensures that strategic sealift ships, cargo offload systems, and theater logistic systems provide a smooth flow of materials to support combat operations worldwide. The increase in this program over the FY 1990 level is attributable primarily to pricing adjustments.

Central Supply and Maintenance Activities. These programs provide supply, maintenance, technical and other logistic and acquisition management support to the operating forces.

The FY 1991 program reflects two significant changes in funding responsibility. Funding for Central Supply Operations and Inventory Control Operations transfers to the DON Stock Fund, whose customers will now reimburse the cost of these operations through the surcharge on Stock Fund sales. Additionally, responsibility for Navy Subsistence-in-Kind payments (the purchase of food for military members) transfers from the Military Personnel, Navy appropriation to Operation and Maintenance, Navy in FY 1991.

Modest program increases reflected in the FY 1991 request include additional funding to reduce the executable depot maintenance backlog in aircraft rework, and other weapon systems and equipment rework. Additional funding is also included for the annualized cost associated with the conversion of contracted advisory and assistance services to in-house-performance in order to reduce the risk of compromise to the acquisition process. Funding levels for non-depot maintenance programs decline, even without considering the impact of inflation.

Training, Medical and Other General Personnel Activities. These programs provide training and education, health care, and related support to Naval personnel.

The FY 1991 request for training programs includes quality upgrades to the Naval Academy and service schools, and development of new "A" and "C" school courses.

Total medical program funding is relatively level from

FY 1989 to FY 1991 at \$2.0 billion. The CHAMPUS estimate is based on CHAMPUS workload projections and includes savings resulting from CHAMPUS reform efforts, realignment of funding to in-house performance, and various health care contracting initiatives. Funding for these contracts increases by \$108.0 million in FY 1991. The additional in-house support personnel provided by Congress in FY 1990 (\$50.0 million) are retained in FY 1991, again resulting in equal offsetting savings.

Administration and Associated Activities. This program includes funding for staff offices of the Secretary of the Navy and the Chief of Naval Operations, and provides service-wide support in the financial, legal and personnel areas.

FY 1991 programs reflect increases associated with the increased rental payments to General Services Administration, the overhaul of the USS CONSTITUTION, and Phase I implementation of the Real-time Automated Personnel Identification System for Reserve and National Guard activities, offset by the decentralization of payment under the Federal Employees Compensation Act (FECA).

Support to Other Nations. This budget activity provides funding for the Latin American Cooperation Program, emergency medical travel for certain Navy personnel and their families, the Technology Transfer Program and the Unified Commanders' cooperative programs and exercises with friendly nations. The FY 1991 program reflects additional support for USCINCPAC cooperative programs with friendly nations and USN hosted conferences sponsored under the Latin American Cooperative Program.

Special Operations Forces. The Special Operation Forces (SOF) budget activity supports the operation of seven SEAL Teams, two Swimmer Delivery Vehicle (SDV) Teams, two Special Boat Squadrons, two Special Warfare Groups, five forward based Special Warfare Units, the Naval Special Warfare Command, the Naval Special Warfare Center, and the Navy's portion of the Joint Special Operations Command. Additionally, this program provides for maintenance of various specialized equipment and facilities used by Naval Special Forces. FY 1991 funding has been transferred to the United States Special Operations Command (USSOCOM) which is assuming management responsibility for the SOF unique portion of the program.

Navy Industrial Fund (NIF) and DON Stock Fund (DONSF) Support. This program provides passthroughs and rebates to/from NIF/DONSF based on prior year losses/gains. Commencing in FY 1991, a direct NIF appropriation, rather than passthrough and rebates, will be used to adjust prior year operating

gains/losses.

Table 3 provides summary financial data for the Operation and Maintenance, Navy appropriation.

TABLE 3
OPERATION AND MAINTENANCE, NAVY
(In Millions of Dollars)

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
STRATEGIC FORCES	1,454.6	1,613.6	1,806.1
GEN. PURPOSE FORCES	11,009.1	10,558.1	10,457.3
INTELL & COMM.	1,081.7	1,128.3	1,275.7
AIRLIFT AND SEALIFT	529.6	423.3	461.7
CENT. SUPPLY & MAINT	5,847.9	5,483.2	5,568.5
TRAINING, MEDICAL & OTHER GEN. PERS. ACT.	3,838.6	3,938.1	4,270.0
ADMINISTRATION	839.7	662.7	684.9
SUPPORT TO OTHER NATIONS	4.3	6.7	7.3
SPECIAL OPERATIONS	102.1	92.1	--
NIF AND DONSF SUPPORT	429.7	653.3	--
TOTAL: OPERATION AND MAINTENANCE, NAVY	25,137.5	24,559.6	24,531.6

OPERATION AND MAINTENANCE, NAVY RESERVE

The FY 1991 budget request of \$984.6 million supports the day-to-day costs of operating Naval Reserve forces, functions, activities and facilities. Requested funding includes a proposed 3.5 percent pay raise for civilian personnel in FY 1991.

Mission Forces. In FY 1991, Mission Forces will support a ship operating tempo of 21 days per quarter and a Naval Air Reserve PMR of 87 percent. Also included is funding for intermediate and depot level maintenance of Reserve ships and equipment, operational and technical support for Naval Reserve Force ships and aircraft, Base Operations Support (BOS), Special Combat Force Support, as well as Recruiting, Advertising, and Maintenance and Repair of Real Property (MRP). Beginning in FY 1991, funding for Special Operations Forces (SOF) is transferred to USSOCOM. FY 1991 funding growth in Air Reserve Forces is caused by stock fund rate changes. Ship Operations and Maintenance growth in FY 1991 is the result of the transfer of six additional KNOX-Class frigates to the Naval Reserve Force. Funding for Maintenance and Repair of Real Property falls back to the FY 1989 levels following a one-time FY 1990 increase for environmental initiatives.

Depot Maintenance. The Depot Maintenance budget activity provides for the Reserve aircraft rework program. Aircraft rework funding decreases after FY 1989 due to the transfer of modernization equipment installation to the Aircraft Procurement, Navy (APN) appropriation.

Other Support. The Other Support budget activity contains funding for Reserve Management Headquarters and supports the Commander, Naval Reserve Force, New Orleans, LA. Table 4 provides summary financial data for the Operation and Maintenance, Navy Reserve appropriation.

TABLE 4
DEPARTMENT OF THE NAVY
OPERATION AND MAINTENANCE, NAVY RESERVE
(In Millions of Dollars)

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
MISSION FORCES	574.2	832.6	912.4
DEPOT MAINTENANCE	120.3	84.4	65.4
OTHER SUPPORT	261.2	6.5	6.7
TOTAL: OPERATION AND MAINTENANCE NAVY RESERVE	955.7	923.5	984.6

NOTE: Starting in FY 1990, Base Operations, Recruiting and Advertising, and Maintenance and Repair of Real Property are realigned from Budget Activity 3, Other Support, to Budget Activity 1, Mission Forces. This adjustment aligns funds with the Mission Forces they support, and more closely resembles the alignment of funding in the active appropriations.

For similar reasons, Aviation Contractor Engineering Technical Support (CETS) is realigned from Budget Activity 2, Depot Maintenance to Budget Activity 1, Mission Forces

FLEET OPERATIONAL TEMPO

The FY 1991 aircraft flying hour program provides 87% Primary Mission Readiness (PMR), consistent with the FY 1989 and FY 1990 programs. This supports 13 active carrier airwings, three Marine Corps airwings, and aviation components of the 1st Marine Amphibious Brigade.

For FY 1991 ship operations, deployed and non-deployed coverage will continue as in FY 1990 with carrier battle groups deploying in world-wide operating areas. OPTEMPO goals of 50.5 underway days per quarter for deployed forces and 29 underway days per quarter for nondeployed forces are maintained. Fleet OPTEMPO is summarized on Table 5.

TABLE 5
DEPARTMENT OF THE NAVY
FLEET OPERATIONAL TEMPO

AIRCRAFT - FLYING HOUR PROGRAM

<u>ACTIVE FORCES</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
PRIMARY MISSION READINESS (%) <u>1/</u>	87	87	87
FLEET READINESS SQUADRONS (%)	100	100	100
FLEET SUPPORT (%)	93	85	85

RESERVE FORCES

HOURS PER PILOT PER YEAR	121	121	121
--------------------------	-----	-----	-----

1/ INCLUDES TWO PERCENT SIMULATOR CONTRIBUTION

SHIPS - STEAMING DAYS PER QUARTER

<u>ACTIVE FORCES</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
DEPLOYED	53.6	50.5	50.5
NON-DEPLOYED	28.1	29.0	29.0

<u>RESERVE FORCES</u>	21.0	21.0	21.0
-----------------------	------	------	------

SHIP MAINTENANCE AND AIRCRAFT DEPOT REWORK

Ship depot level repair funding decreases in FY 1991 as the total number of overhauls decrease by six and Selected Restricted Availabilities (SRA's) and Phased Maintenance Availabilities (PMA's) decrease by thirty-nine. Reduced funding levels are driven primarily by the accelerated retirement of older ships. Furthermore, beginning in FY 1990, Submarine Depot Modernization Periods (DMP's) have been reclassified as overhauls instead of restricted availabilities due to cost, length, and complexity, and are now reflected in the number of ship overhaul units.

Intermediate Maintenance Activity (IMA) funding increases as support for the TRIDENT II (D-5) Weapon system is functionally transferred from Strategic Weapons Systems Activity Group to Ship Maintenance. The Ship Inactivation Line increases in FY 1991 to fund the retirement of two battleships, a total of eight nuclear attack submarines, a more expensive mix of ships, and increased reactor disposals.

Consistent with the FY 1990 Appropriation Act, Fleet Modernization Program installation funding has been transferred to the Procurement accounts. Funding for installation of

aircraft and ordnance modernization equipment has also been transferred to the Procurement accounts.

The FY 1991 Aircraft Rework program includes a modest increase in funding to reduce the executable aircraft rework backlog, as reflected in the reduction in aircraft overdue for maintenance. Additionally, increased funding is included for pricing adjustments due to the 20.5% increase in the Naval Aviation Depot rates. Summary resources and program data associated with these maintenance programs are displayed in Table 6.

TABLE 6
DEPARTMENT OF THE NAVY
SHIP MAINTENANCE AND AIRCRAFT REWORK
(In Millions of Dollars)

ACTIVE FORCES SHIP MAINTENANCE			
	FY 1989	FY 1990	FY 1991
SHIP DEPOT LEVEL REPAIR	2,799.9	3,407.6	2,497.6
DEPOT LEVEL SUPPORT	175.9	185.0	197.8
MODERNIZATION <u>1/</u>	1,017.0	--	--
IMA	361.3	369.4	477.1
INACTIVATIONS	117.6	190.9	359.0
TOTAL: SHIP MAINT & MOD	4,471.7	4,152.9	3,531.5
NO. OF SHIP OVERHAULS (UNITS)	23	19 <u>3/</u>	13
NO. OF DEPOT MOD PERIODS (UNITS)	5	--	--
SHIP OVERHAUL BACKLOG (UNITS) <u>2/</u>	3	2	2
NO. OF SRA's (UNITS)	95	110	90
NO. OF PMA's (UNITS)	69	64	45
ACTIVE FORCES AIRCRAFT REWORK			
	FY 1989	FY 1990	FY 1991
AIRFRAMES	395.6	361.8	430.1
ENGINES	253.3	200.3	264.2
COMPONENTS	62.1	54.7	64.9
MOD INSTALLATIONS <u>1/</u>	271.0	--	--
SUPPORT SERVICES	29.0	23.0	29.4
TOTAL: AIRCRAFT REWORK	1,011.0	639.8	788.6
AIRCRAFT OVERDUE FOR MAINT.	19	93	82

1/ Reflects transfer of installation funding to the procurement accounts.

2/ Ship overhaul backlog in FY 1991 contains 2 hulls backlogged

due to lack of repair funding, including 1 reclassified Depot Modernization Period (DMP).

3/ Reflects the transfer of the USS ENTERPRISE (CVN-65) Refueling and Modernization to the Shipbuilding and Conversion, Navy appropriation.

WORKING CAPITAL FUNDS

The FY 1991 Inventory Augmentation request reflects FY 1990 Congressional direction concerning the procurement of new and/or additional inventory levels with appropriated funds. Prepositioned War Reserve funding will be used to procure items required to support forces during the interim wartime period between draw-down and on-hand stocks of consumables and expansion of industrial production capacity to wartime levels. War Reserve spares are procured to maintain a balanced inventory across the various categories of material.

Customer prices increase by 14.9 percent in FY 1991. These rates reflect the impact of moving operational costs of Navy Inventory Control Points, Supply Depots and the associated transportation and base operations costs for these activities into the Stock Fund in accordance with Defense Management Review initiatives to reduce supply system costs. Customer prices will now reflect the total cost of material procurement and management. Summary resources for the Navy Stock Fund are displayed in Table 7.

TABLE 7
DEPARTMENT OF THE NAVY
NAVY STOCK FUND
(In Millions of Dollars)

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
INVENTORY AUGMENTATION	122.7	0	0
PREPOSITIONED WAR RESERVE	62.0	40.5	37.2
TOTAL	184.7	40.5	37.2

The Navy Industrial Fund appropriation request will provide for partial recovery of operating losses. In past years this has been financed by a passthrough from the Operation and Maintenance, Navy appropriation. However, the Congress recommended an alternative beginning in FY 1991. This procedure is revised to request recoupment of operating losses by direct appropriation. Summary resources for the Navy Industrial Fund are displayed in Table 8.

TABLE 8
DEPARTMENT OF THE NAVY

NAVY INDUSTRIAL FUND
(Dollars in Millions)

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
INDUSTRIAL FUND	0	0	238.7

CIVILIAN PERSONNEL

The Department of the Navy budget request includes the following civilian strength estimates:

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
NAVY	332,264	326,532	320,086
MARINE CORPS	21,717	21,223	20,869
TOTAL END STRENGTH	353,981	347,755	340,955

The FY 1990 and FY 1991 end-year estimates each represent a decline from FY 1989 actual levels, with the FY 1991 estimate reflecting a net reduction of 6,800 end strength below the current FY 1990 estimate. The estimates represent the manpower levels required to execute funded program and reflect a continued effort to contain personnel costs. Manpower levels decline from FY 1990 to FY 1991. This decline reflects reductions throughout the Department. Remaining manpower levels are adequate to execute the FY 1991 program. Within the constrained fiscal environment, the Department will continue to rigorously manage civilian employment as a cost linked to authorized program.

The Department's manpower estimates continue to reflect the results of completed Commercial Activities Studies and, in conformance to Executive Order 12615 of 19 November 1987, also reflect projected study savings. The Department estimates also project Efficiency Review savings, as well as significant productivity savings at naval shipyards and aviation depots as a result of the Defense Management Review.

Within the FY 1991 estimate there are several major increases and decreases. Major increases are for the substitution of civilians for military personnel, the conversion to direct funding of reimbursed non-appropriated fund employees in Morale, Welfare and Recreation (MWR) activities, and several programmatic actions. The substitution of civilians for military personnel will increase civilian end strength by 1,655 in FY 1991 with a significant savings in labor costs. The conversion of MWR employees will result in an increase of 1,939 end strength and will be accomplished in compliance with Congressional direction in the Authorization Conference Report for Fiscal Year 1989

(which directed that reimbursement of non-appropriated fund services with appropriated funds cease by October 1, 1990). This conversion will increase the requirement for overseas civilian work years. Programmatic increases are in two major areas. FY 1991 reflects continuation of the initiative to replace Contracted Advisory and Assistance Services with civilian personnel to reduce the risk of compromising the competitive acquisition process. Congress approved increases in personnel for this initiative starting in FY 1990, and the FY 1991 budget reflects plans to convert an additional 782 personnel. This FY 1991 conversion will be accomplished at a net saving to the government. The FY 1991 budget also includes an increase of 681 end strength due to refined workload estimates at Navy Aviation Depots and Ordnance Stations.

Offsetting decreases reflect revised estimates of civilian personnel due to a major functional transfer, Commercial Activities and Efficiency Review savings, and decreases in the number of personnel required to perform major programs. The functional transfer of 1,416 end strength from Navy Plant Representative Offices to the Defense Logistics Agency in order to consolidate contract administration functions is a Defense Management Review initiative. Additionally, it is anticipated that the Efficiency Review and Commercial Activity programs will achieve savings of 1,903 end strength (FY 1990 Congressional direction to reduce Commercial Activity program administration has been reflected in both FY 1990 and FY 1991). A decrease of 9,019 end strength is based on revised workload estimates for Naval Shipyards as a result of lower funding estimated to be available from industrial fund customers.

It should be recognized that a majority of the civilian employees of the Department of the Navy are directly related to our readiness posture. Over half of the civilians work in industrial fund activities, which are primarily engaged in depot level maintenance and repair of ships, planes, and associated equipment. Many of the civilians employed at operation and maintenance activities such as supply centers, ship repair facilities, and Naval and Marine Corps air stations and bases contribute directly to operational readiness. The balance of the civilians provide essential support in functions such as training, medical care, and the engineering, development, and acquisition of weapons systems, which have a definite, although longer range, impact on readiness.

I appreciate this opportunity to describe the Department's Operation and Maintenance budget request. We seek your continued support.

Senator DIXON. Thank you, Admiral Walsh.
General Carson.

**STATEMENT OF LT. GEN. WILLIAM CARSON, UNITED STATES
MARINE CORPS, DEPUTY CHIEF OF STAFF FOR INSTALLA-
TIONS AND LOGISTICS**

General CARSON. Mr. Chairman, members of the committee, I, too, am pleased to be here again today to present our fiscal year 1991 O&M budget. I prepared a statement for the record, so my remarks will be very short with your concurrence.

Senator DIXON. Your statement will be admitted into the record in full, General Carson, and we thank you.

General CARSON. First, I would like to show our appreciation to the committee and to the Congress for support in past years, especially last year, when we were given additional funds for the current year's O&M budget. We used these funds to ensure the continued readiness of our Fleet Marine Forces.

In our 1991 budget, we are presenting a budget which in general maintains a funding level of 1990 after we net out the functional transfers, it is in fact, in real terms, a 1 percent decrease. There is no fat in this budget. We believe our request strikes a balance of our competing requirements.

And in this budget we have continued to emphasize individual and small unit training, tailored to today's most likely contingencies mid or low intensity, the use of war gaming as a cost-effective substitute or alternate to large exercises, support of the Maritime Prepositioning Programs, professional education and training of all marines at every level, quality in recruiting and morale, welfare and overall quality of life programs.

This budget also considers a 3.5 percent civilian pay raise and the Marine Corps' portion of DMRD efficiencies in 1991 of \$15.5 million.

In balancing our requirements we have accepted a couple of risks, growth in Depot Maintenance backlog and growth in Real Property Maintenance backlog. We believe these risks are acceptable and manageable in today's world. The backlogs will not impact on readiness of the operating forces, and we will continue to provide the Nation with combat-ready marines.

Thank you, Mr. Chairman.

[The prepared statement of General Carson follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL W. G. CARSON, JR.
DEPUTY CHIEF OF STAFF, INSTALLATIONS AND LOGISTICS
UNITED STATES MARINE CORPS

INTRODUCTION

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you for a second year to present the Marine Corps' fiscal year 1991 operation and maintenance budget request.

I would first like to express the Marine Corps' appreciation to the members of this Committee and to the Congress for supporting our efforts these past years to modernize our Corps and enhance our readiness and sustainability. We are especially grateful for the additional funding you provided us in fiscal year 1990. Your support has allowed us to maintain our readiness above 90% over the last several years. We look forward to your continued support to ensure that we are able to maintain our current levels of readiness and sustainment.

The Marine Corps made great strides in military capability during the 1980's. In addition to modernizing our Fleet Marine Forces and the supporting establishment, we made steady progress in key areas:

- Materiel Readiness

FMF MAJOR COMMAND READINESS SUMMARY



- Recruiting of outstanding Marines. Our success in consistently recruiting top quality Marines continues to be a major contributor to the high state of

readiness of the Corps.

- Quality of Life. Throughout the 1980's, the Marine Corps was able to improve the quality of life for both our Marines and their dependents.
- Establishment of the Marine Corps Prepositioning Programs. During the 1980's, the Marine Corps invested in and continues to support both our Maritime Prepositioning Ships and Norway Prepositioning programs, which provide a rapid response capability.

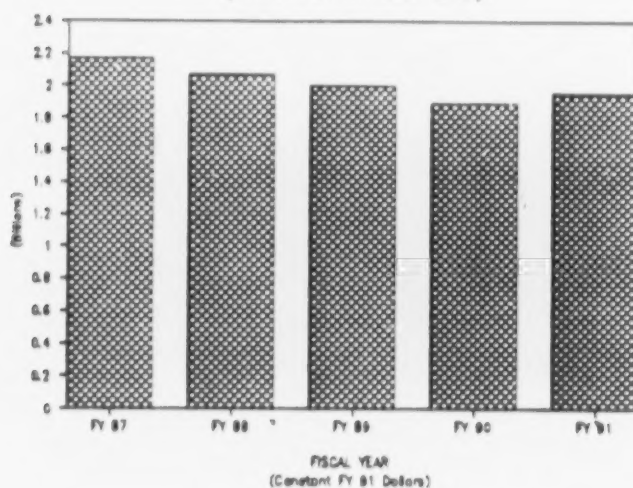
Before I begin my remarks on the fiscal year 1991 budget, I would like to provide an update to the Committee on the Marine Corps' use of the additional funding you provided in the fiscal year 1990 budget. We have utilized this funding to enhance the readiness of the Fleet Marine Forces by expanding individual training, exercises, and replenishment and replacement of equipment used by those Forces. Your generous support enabled us to provide additional funding for depot maintenance and maintenance of real property, thus helping to maintain our gains of the 1980's. We also provided additional funding to our bases and stations which directly support the Fleet Marine Forces. The overall impact of this funding has been to enhance the warfighting skills of individual Marines and Fleet Marine Force units.

Having given you a brief overview of our progress during previous years, I would like to address our fiscal year 1991 budget request. The resources in our present request strike a balance among all our competing requirements. Through judicious application, we will progress in areas of vital concern to the Marine Corps.

The Operation and Maintenance, Marine Corps budget request of \$1,948 million represents, in real terms, growth of 3.4% over fiscal year 1990. As the chart below indicates, the downward trend of recent years has been slowed. After netting out functional transfers, there is, in real terms, a minor

decrease of one percent from our fiscal year 1990 budget. The major functional transfers are: 1) a transfer of subsistence-in-kind funding in the amount of \$93.5 million from the military personnel appropriation to the operation and maintenance appropriation; and 2) a transfer of first destination transportation in the amount of \$10.9 million from the operation and maintenance appropriation to the procurement appropriation.

OPERATION AND MAINTENANCE
FUNDING LEVELS
FY 1987 - FY 1991
(Billions of Dollars)



THE FLEET MARINE FORCES

We remain confident that we have the capability within our Marine Expeditionary Forces to respond to the total spectrum of conflict, with a primary focus on low-to-mid intensity conflict. To ensure success in any conflict, we have taken care to maintain the proper balance among ground combat, aviation combat and combat service support components of the active and reserve forces. This balance provides decision makers with an integrated, self-sustaining, combined arms force-in-readiness manifested in our Marine Air-Ground Task Forces. Our focus on operations short of general war is a natural outgrowth of our expeditionary character. We provide multi-purpose forces that

are capable of responding across the spectrum of conflict. To refine this capability, we have increased the number of training days with the emphasis on small unit and individual training. Our command elements are also being trained and conditioned to function in an environment that accepts a high degree of uncertainty and in which a rapid and abbreviated staff planning capability is the norm, not the exception. To fully develop our skills, the Commandant established the Wargaming and Assessment Center at the Marine Corps Combat Development Command at Quantico. This Center ensures we get the most for our training dollar and provides cost effective alternatives to field exercises.

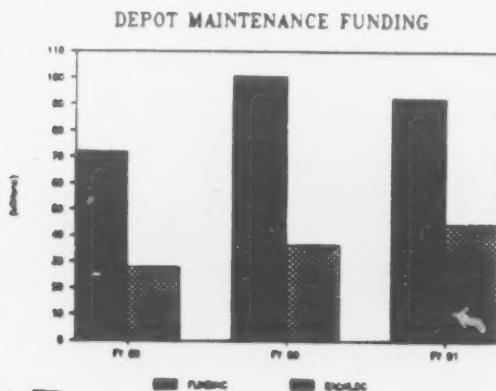
CENTRAL SUPPLY AND MAINTENANCE

Central Supply and Maintenance provides the essential logistics functions which allow us to maintain the readiness and sustainability of the weapons and equipment utilized by our Forces. Our logistics bases provide supply support and depot level maintenance to sustain the daily operations of the Fleet Marine Forces, as well as the weapons and equipment maintenance for the Maritime and Geographic Prepositioning Programs. Also funded under this program is the transportation of material to and from the Marine Corps Logistics Bases, for Fleet Marine Forces exercises, and in support of the prepositioning programs.

In January, the Marine Corps made significant progress in consolidating major logistics functions under operational control of the Marine Corps Logistics Base, Albany, Georgia. This command will consolidate supply and depot maintenance of the Marine Corps Logistics Bases at Albany, Georgia and Barstow, California. We expect this consolidation to provide more efficient support for the Fleet Marine Forces.

Maintenance of Marine Corps equipment is performed primarily at our two logistics bases. The following chart shows the funding levels and associated unfunded backlog for equipment

maintenance. While the funding levels for equipment maintenance will decline during fiscal year 1991, we believe, by management of those items critical to Marine Corps readiness, and at the expense of mobilization requirements, we can sustain our current readiness posture.



The Maritime Prepositioning Ships (MPS) program established in the 1980's provides the Marine Corps with three sets of forward-deployed equipment. Each set will support a variety of fly-in forces up to a brigade in size. This capability enhances Marine Corps crisis response options throughout the world while minimizing the required airlift. Our budget request provides continued support for this vital program through the replenishment, modernization, and replacement of equipment during the MPS maintenance cycle.

TRAINING AND EDUCATION

Our Marines are more combat oriented than ever before because of our improved entry-level training. Our training is based on Marine Battle Skills Training, a comprehensive training program designed to develop and sustain a Marine's combat skills. This program provides for more field training during our basic recruit training. In addition, all male Marines, upon completion of recruit training, attend one of the schools of infantry at Camp

Pendleton or Camp Lejeune. This four week course provides training in individual infantry skills, small unit tactics, and crew-served weapons.

Our Commandant has emphasized that every Marine must be educated and proficient in the science and art of warfighting. To accomplish this, our Marine Corps program ensures that every Marine is either attending a formal school or participating in a structured self-study program. Establishment of the Marine Corps University provides the cornerstone for our professional military education. The University includes the NCO Schools, Staff NCO Academies, The Basic School, the Amphibious Warfare School, and the Command and Staff College.

Two new programs, The School of Advanced Warfighting and The Art of War Studies, will be offered at the University in September 1990. The School of Advanced Warfighting is designed to prepare selected graduates of the Command And Staff College for key assignments in the Marine Expeditionary Forces (MEF) and high-level joint and combined staff billets. Our other new program, The Art of War Studies, is designed to educate selected officers in the art and science of warfare. Upon completion of the program, officers will serve as members of the Command and Staff College faculty.

Our fiscal year 1991 operation and maintenance request will support the Commandant's improvements in the training and education of our Marines at each and every level.

RECRUITING

We have continued to enjoy success in our recruiting efforts to attract quality men and women into our Corps. In fiscal year 1989, our recruiting efforts resulted in 95% of our first time enlistees being high school graduates. With a continual decline in the number of qualified applicants, our recruiting service will be challenged to maintain these high standards. Our ability to meet these challenges will depend on your assistance in

providing the necessary recruiting and advertising resources for the difficult times ahead.

BASE OPERATIONS

Adequate funding for the supporting establishment is essential to the readiness of the Fleet Marine Forces. The supporting establishment provides the housing, feeding, training ranges/areas and other essential facilities and services to support operational and training requirements and provide for the welfare of our Marines and dependents. The maintenance of this infrastructure is essential to the maintenance of an acceptable quality-of-life for our Marines while ensuring an adequate working and training environment.

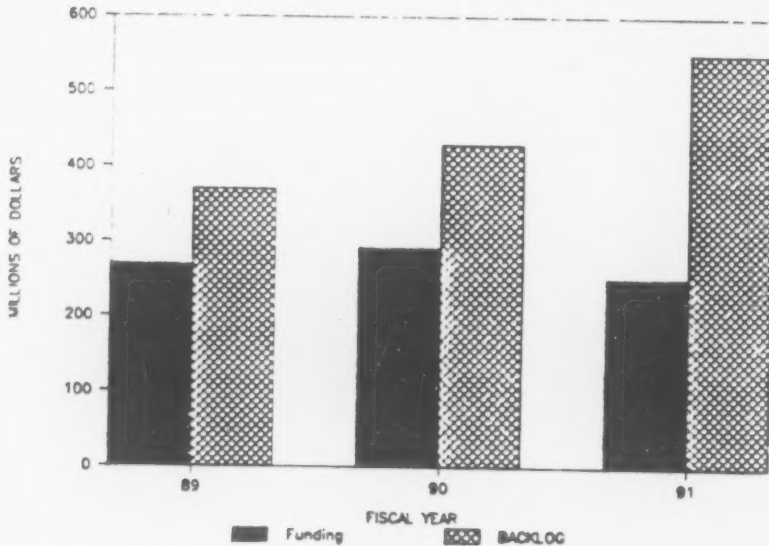
In January, a draft of the Marine Corps Supporting Establishment Master Plan was presented to the Secretary of the Navy. This document, a necessary corollary to the Marine Air-Ground Task Force Master Plan, provides a guide for ensuring that the supporting establishment provides the necessary services to support the training, education, quality of life, and readiness of the Fleet Marine Forces.

Our fiscal year 1991 budget reflects the Marine Corps' concerns for environmental issues associated with our bases and stations. We are aware of the necessity to protect and preserve the natural resources entrusted to the Marine Corps.

The additional Congressional funding in fiscal year 1990 allowed us to slow the growth of our maintenance of real property backlog. Resources available for the maintenance of real property will be constrained in fiscal year 1991. The next chart shows the fiscal year 1991 funding levels and the unfunded backlog. Even though the backlog increases, it represents only 4.1% of the value of our facilities. To ensure we direct our resources at the most urgent repairs and protect the investment in our own facilities, we have identified and validated those maintenance projects critical to the maintenance of our Marine

Corps facilities. By proper evaluation, validation and management of our maintenance requirements, we believe we can maintain the facilities necessary to meet our needs.

MAINTENANCE OF REAL PROPERTY FUNDING



SUMMARY

As I have previously stated, our budget request for fiscal year 1991 represents a balance of our resources among competing requirements. We have made some difficult decisions to ensure that the resources provided to us by the Congress are utilized to train and equip Marines for immediate service to the Nation. While we recognize the changing fiscal environment, we also recognize the importance of flexibly organized, versatile, expeditionary Marine forces to our country's defense. We firmly believe that this budget will support the Nation by supporting combat-ready Marines, highly trained and readily deployable in support of our National Military Strategy.

Key elements of the budget will:

Provide the training and equipment to develop unit skills, integrity, and cohesiveness to deploy, and then employ, disciplined and effective combat units.

Provide for the professional education and development of all Marines in the art and science of warfighting.

Provide for the operation and support of our bases and stations, maintain efficient mission support facilities, and support the quality of life our Marines and their families deserve.

Protect the natural resources of our bases and stations to the benefit of both our Marines and the citizens of this nation.

Provide the quality of life essential to attract and retain the best of America's youth.

With a budget of less than two billion dollars, we believe we have balanced the necessity to maintain our combat readiness and warfighting abilities with the need to provide the essential quality of life for our Marines and dependents and to protect the investment that the American people have provided the Marine Corps in the past decade.

Senator DIXON. Thank you, General Carson.
General Finan.

STATEMENT OF BRIG. GEN. JOHN FINAN, UNITED STATES AIR FORCE, DIRECTOR OF BUDGET OPERATIONS, OFFICE OF THE ASSISTANT SECRETARY OF THE AIR FORCE

General FINAN. Thank you, Mr. Chairman and members of the committee.

As my service counterparts, I, too, am pleased to be here with you today and will submit a statement for the record addressing the Air Force's fiscal year 1991 budget.

Senator DIXON. Your statement will be admitted in full.

General FINAN. The Air Force appreciates the support you and your committee have provided for O&M over the past several years. It is obvious that you recognize the O&M account is indeed the lifeblood of readiness.

In properly addressing Air Force O&M for 1991 I need to back up to fiscal year 1990, the year we are currently trying to execute.

As you know, the Air Force O&M account was reduced by over a billion dollars during the congressional review process in 1990. In addition, we are in the process of absorbing another one half billion dollars in additional bills to pay.

To assimilate these reductions we have lowered our civilian utilization rate, dramatically bled down our base operating support and

our real property maintenance accounts in fiscal year 1990. In fact, I just received one of our most recent command execution reports from the field, and the field commanders indicate over \$1 billion in additional priority unfunded requirements for fiscal year 1990.

With these 1990 problems in mind, our principal objective in our 1991 budget was to protect our op-tempo and partially recover our base operating support and real property maintenance accounts from the very depressed fiscal year 1990 levels.

The second item I would like to address is that our O&M account is built mainly based upon manpower levels, op-tempo and force structure. Our 1991 budget fully recognizes force structure changes and base closures as well as decreased levels of manpower.

What must be understood is that a high proportion of O&M costs are fixed costs of operating the infrastructure, and they change very little in the short run.

For instance, the Air Force is scheduled to close five bases in accordance with the Base Closure Commission recommendations. However, the first base, Pease Air Force Base, New Hampshire, is not scheduled to actually close until the fourth quarter of fiscal year 1991. Thus, very few savings, if any, will be realized in 1991.

We have discovered that the kind of actions required to implement force structure changes such as base closures actually cost more O&M money up front. We must, for example, complete environmental impact studies, transport equipment and move civilians.

Finally, I must stress that the 1991 budget is one that reflects a great deal of turbulence within the Department of Defense. We are projected to implement numerous management efficiencies and effect streamlining to generate material savings.

At the same time significant transfers between accounts in appropriations have been directed. These management actions and transfers are inextricably woven together to produce the desired results, but they are extremely complicated to track on a fiscal basis.

As you go through this review process, I urge you to exercise extreme caution to ensure that the actions taken in one account do not have unforeseen impacts on other accounts which result in unintended impacts on our overall readiness.

One example of this intertwining is the transfer of funding between O&M and the Stock Fund for personnel and the materiel management and distribution functions. Should funding in the Stock Fund, which Mr. Shycoff referred to earlier, be adjusted without offsetting compensation in the O&M account, we would be faced with an unacceptable impact on our civilian work force at our logistic centers.

Mr. Chairman, I understand the constraining fiscal environment within which we are required to operate, and I assure you the Air Force will cooperate fully with you and your committee in protecting the readiness of the Air Force.

This concludes my remarks.

[The prepared statement of General Finan follows:]

STATEMENT OF: BRIGADIER GENERAL JOHN L. FINAN
 Director of Budget Operations
 Deputy Assistant Secretary (Budget)
 United States Air Force

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am pleased to appear before this Committee to present and discuss the Operation and Maintenance (O&M), Air Force budget request for FY 1991. My statement will discuss the O&M funding history from FY 1989 through FY 1991 and will highlight the forces, manpower, and programs supported by these O&M funds.

The following is a summary of the Air Force FY 1989-1991 O&M account:

	(\$ Millions)		
	FY 1989	FY 1990	FY 1991
O&M, Air Force (Active)	\$22,063	\$21,788	\$22,049
O&M, Air Force Reserve	1,073	1,009	1,043
O&M, Air National Guard	2,022	2,021	2,175
Total Air Force	\$25,158	\$24,818	\$25,267

For the remainder of my statement, I will focus my comments on the O&M, Air Force (Active) request, since the Air Force Reserve and Air National Guard budgets are reviewed separately by this Committee.

OPERATION AND MAINTENANCE, AIR FORCE

The Air Force Operation and Maintenance (O&M) appropriation finances the day-to-day operating costs of the Air Force at 129 major installations. This appropriation supports the key ingredients of combat readiness by providing the funds needed to operate and maintain aircraft and related weapon systems; recruit and train personnel; operate communications, command, and control systems; and purchase supplies, equipment, and fuel. O&M also supports essential combat related activities such as intelligence, logistics, weather, air traffic control, search and rescue, medical operations, maintenance of runways and base

facilities, contract services, and the working and living environment of Air Force personnel.

Financial requirements in the O&M appropriation are influenced by force structure levels and activity rates. Examples are the number and type of aircraft and squadrons, the number of aircraft sorties and flying hours, equipment inventories, civilian hiring, training and deployments, the number of installations, and the quantity and complexity of vehicles and other operational equipment which must be maintained.

Economic assumptions used in developing this budget are:

	FY 1989	FY 1990	FY 1991
Civilian pay raise	4.1%	3.6%	3.5%
Inflation:			
Standard	4.1%	4.1%	4.1%
Foreign Currency Rates:			
Deutsche Mark	2.06	2.03	2.03
Yen	163.10	149.05	149.05
Pound	.70	.65	.65
Fuel Price (JP-4/JP-8)			
Per barrel	\$ 25.62	\$ 23.10	\$ 27.30
Per gallon	.61	.55	.65

Traditionally we tend to look at O&M according to how our accounts are structured; that is, by Major Force Program or mission area. Our budget justification book is prepared in this manner. Today, I would like to focus more on major functions or categories where we plan on spending our O&M funds and where the funding changes between FY 1990 and FY 1991 are significant. These are as follows:

O&M, AIR FORCE

(\$ Millions)

	FY 1989	Price	Program	FY 1990	Price	Program	FY 1991
People							
Civilian Pay*	\$ 4,670	316	48	\$ 5,034	231	(770)	\$ 4,495
Training	225	8	59	292	13	40	345
Medical	1,455	107	(107)	1,455**	138	159	1,752
Flying Hours/Associated Funding	2,802	(100)	(169)	2,533	290	(143)	2,680
Depot Maintenance	2,885	143	(195)	2,833	119	(374)	2,578
Space	776	32	53	861	36	13	910
Base Operating Support	1,075	72	(396)	751	53	219	1,023
Real Property Maintenance Activities	2,211	85	(227)	2,069	122	82	2,273
C3	1,053	36	(74)	1,015	44	78	1,137
Other Programs	4,911	207	(173)	4,945	105	(194)	4,856
Total	\$ 22,063	906	(1,181)	\$ 21,788	1,151	(890)	\$ 22,049

* Excluded from other categories.

** CHAMPUS underfunded \$174 million in FY 1990

FY 1989 was the first year of a planned two-year recovery from the severely constrained funding in FY 1988. In this first year the Air Force made a conscious decision to focus dollars on direct readiness and logistics programs. Flying hours were restored to the FY 1987 programmed level of hours per crew per month. Depot maintenance and other logistics support activity funds were restored to support the forces and operating activity levels required to meet mission objectives. In FY 1990 the emphasis was to be on the remaining readiness areas. However, the need to meet Gramm-Rudman-Hollings deficit targets without significant revenue increases required reductions to the Bush Budget, especially in outlay "rich" accounts such as O&M. As a result, Air Force O&M was reduced over \$1.05 billion and forced to absorb another \$.5 billion of pricing increases and lost transfers. This represented negative real growth of 3.8% from FY 1989. Major reductions were predominantly in readiness support areas such as Base Operating Support (BOS) and Real Property Maintenance Activities (RPMA).

In FY 1991 the Air Force's O&M budget reflects the constrained topline associated with the continuing pressure to

reduce the deficit and the current worldwide political developments. Growth excluding inflation decreases over three percent from an underfunded FY 1990 baseline reflecting further reductions in force structure as well as the first impacts of the efficiencies and transfers to be realized from the Defense Management Review. Flying hours, civilian workyears and DPEM are budgeted at FY 1990 activity levels. Real property maintenance grows slightly, and base operating support is budgeted at a higher level to partially restore the "broken" FY 1990 program and to reflect congressional directions for appropriated fund support of MWR.

DEFENSE MANAGEMENT REVIEW

This budget reflects the savings and financial changes resulting from the continuing Defense Management Review (DMR) effort to realize savings through better management in the Department. The major areas of these management initiatives are in logistics and acquisition, automated support and information systems, and substitution of civilians for military. Additionally, the Air Force used the Defense Management Review process as a springboard to search out improvements in operational and training units. As a result, our budget reflects merged training requirements and the elimination of some training units.

In the logistics arena several activities have been transferred and consolidated by DoD to streamline operations for greater efficiency. As an example, DMR - Reducing Supply Systems Costs, transfers the people in the Air Force supply depot operations and in the majority of the inventory control point programs to the Air Force Stock Fund. This is intended to reduce total costs by allowing decision makers to make tradeoffs between materiel and personnel costs. Another major initiative, Stock Funding of Depot Level Repairables (DLRs), is closely related to Reducing Supply System Costs, as it moves funding for repair and replacement of assets to the Stock Fund and provides a single

source of funds for managers to utilize. This initiative encourages repair at base level, which is far less expensive than replacement of assets. By providing visibility to costs and the authority to make decisions at the lowest level of responsibility, we can generate savings without impacting our readiness. DMR - Streamlining Contract Management, transfers personnel and funding for contract administration operations from Air Force O&M to the Defense Logistics Agency (DLA). DoD is consolidating similar service component functions to promote uniform procurement policy and upgrade the quality of the workforce while eliminating overhead and reducing payroll costs.

Two other initiatives that will have an impact on the Air Force logistic support programs are DMR - Reducing Transportation Costs and DMR - Acquisition and Managerial Efficiencies. These TOA reductions do not represent program transfers, but rather internal procedural changes to reduce the cost of doing business. Greater effort to utilize commercial transportation industry practices, such as direct shipment of goods from vendors to users, by-passing depots, and employment of regional freight consolidation centers, should effectively reduce Air Force requirements. In the second case, Air Force will undergo a large scale reorganization of AFLC, AFCC and AFSC to streamline operations and redefine/restructure the role of management. These efforts will result in a significant reduction in manpower authorizations.

In other DMRs, requirements formerly funded with one appropriation are now paid by another appropriation. The First Destination Transportation requirements will be funded in the procurement appropriation beginning in FY 1991 rather than in the O&M account. This aligns the shipment costs with the purchase costs of Air Force assets. Subsistence-in-Kind (SIK), previously financed in the Military Personnel appropriation, was moved to the O&M program. This was done on the basis that SIK is an

operating cost to support military personnel assigned at base level.

Another initiative, Developing Standard ADP Systems, will enhance the availability and standardization of information management throughout the Services. This initiative seeks to eliminate redundancy and improve consistency and compatibility in data systems in all Services. In fact, one of the Air Force programs, AFTOMS, our Automated Technical Order Management System, has just been accepted as the DoD standard for implementation.

These examples indicate the significant changes in the Air Force support function. It has been heavily impacted by the Defense Management Review process, to include functional transfers and program realignments. However, the ultimate objective was, and continues to be, reduction of operating costs, increases in efficiency and achievement of mission objectives with a balanced program.

O&M AND READINESS

The military might of a nation has historically been measured in terms of troop strength and quantities of hardware: divisions, tanks, aircraft, missiles, and ships. However, an assessment of military capability based exclusively on quantities of equipment and number of personnel ignores the readiness element of combat capability. Readiness is the ability of forces, units, weapon systems, or equipment to deliver the outputs for which they were designed (includes the ability to deploy and employ without unacceptable delays). It is made up of the forces in being (force structure), the age and technological capability of weapon systems and equipment (modernization), and the ability to continue effective military operations over an extended period of time (sustainability). Readiness is an essential element of combat capability. The O&M funding requirements reflected in this budget support a smaller but

capable force structure to meet national security objectives.

FORCE STRUCTURE CHANGES

The Air Force recognizes fiscal constraints are being driven by the federal deficit and changing world conditions and that budget requirements planned and programmed for in good faith, cannot always be fully funded. We made some hard, tough decisions and have opted for a reduced force structure that maintains capabilities. These force structure changes are summarized below and result in reduced FY 1991 O&M program funding of \$143 million from FY 1990. Naturally, savings will increase in the outyears.

In the strategic area, our funding for offensive forces was reduced over \$100 million. This was done by retiring one squadron equivalent (16 authorized aircraft) of Single Integrated Operational Plan (SIOP) B-52G aircraft, transferring 10 KC-135s to the Air National Guard, restructuring the B-2 program due to slippage of programmed aircraft, and eliminating the remaining funding for the SR-71 program, which was phased out in FY 1990. Our strategic defensive program reflects no dollar increase, although there were some internal programmatic adjustments. The Cheyenne Mountain modernization continues, and the Over-the-Horizon (OTH-B) East and West coastal sector radars come on line by the end of FY 1991. These increases are offset by decreases in the Distant Early Warning (DEW) Line as Greenland and Alaskan sites phase out.

Tactical force structure remains at 36 tactical fighter wing equivalents (TFWE). The average hours per crew per month (HCPM) remains constant at 19.5 hours in FY 1990 and 1991. Although the aggregate combat coded units making up the TFWEs remain constant, the mix changed within; i.e., F-4s continue to drawdown and more F-15s and F-16s were added to the inventory. However, the Tactical Forces have made significant streamlining reductions in their training resources. Aggressor aircraft (F-16) were reduced

from 18 to 6. All 84 T-38 Fighter Lead-In Training aircraft and 55 other training aircraft from all mission design series were retired as a result of combat crew training reductions. These reductions were a result of incorporating some crew training into undergraduate pilot training and combat squadron training in the final unit of assignment. Also, 28 OV-10s were retired.

Airlift force structure changes include the introduction of the C-STOL (C-27) aircraft in late FY 1991. The five C-STOL aircraft (to be procured in June 1990) are scheduled to be delivered in the fourth quarter of FY 1991 and will entail some minor associated O&M costs. In addition, the Air Force Combat Rescue Forces are being modernized by replacing CH/HH-3E helicopters with MH-60G helicopters. The first rescue MH-60Gs have been received in 1990 and will continue to be phased in through at least 1994.

PEOPLE

End Strengths

(000)

	FY 1989	FY 1990	FY 1991
Military (Active Force)	570.9	545.0	530.0
Civilian (Active O&M, AF)	167.2	171.4	167.5

People continue to be our key resource. No investment in equipment and facilities would produce the desired level of readiness without well-trained, motivated, and dedicated people. We are committed to recruiting and retaining high quality people, training them to do their jobs properly and efficiently, and sustaining them and their families.

To maximize the utilization of personnel resources required by the Air Force, our first priority is to identify the kinds of people that are needed to execute our mission, as well as identifying the most efficient operations to support the mission. Under the total force concept, we continually evaluate our

personnel requirements to ensure that we have the correct mix of officer, enlisted, civilian and reserve forces personnel.

Air Force O&M civilian end strength decreases from 171,409 in FY 1990 to 167,507 in FY 1991, a net reduction of 3,902. The major reductions result from the DMR restructure of Air Force Logistics and Systems Commands (approximately 4,400) and the transfer of contract management to the Defense Logistics Agency (approximately 3,200). These reductions are partially offset by the conversion of military to civilian positions in support functions (approximately 3,000) and increased MWR support (about 2,000).

CIVILIAN PAY

The net reduction in Air Force O&M civilian pay funding from FY 1990 to FY 1991 is \$539 million (\$5,034 to \$4,495 million). This decrease is the net of end strength changes, price increases, and a transfer of O&M dollars to the Stock Fund.

The major reductions related to end strength changes were the DMR restructure of Air Force Logistics and Systems Commands and the transfer of contract management to the Defense Logistics Agency. These were offset by increases for civilianization of military positions in support functions and MWR support. Price increases are a result of annualizing the FY 1990 pay raise of 3.6% and the FY 1990 health benefit increases plus the impact of the 3.5% pay raise projected for FY 1991.

Finally, the largest driver of the net \$539 million reduction was an \$800 million transfer of O&M civilian pay (but not end strengths) to the Stock Fund. This was a DMR initiative to reduce supply system costs. The Air Force O&M account will continue to pay the employees but will be reimbursed from the Stock Fund in FY 1991.

TRAINING

Once we have identified the kinds of people we need, they

must be brought on board and supported. Our recruiting stations and advertising are paid for with O&M funds. Once on board, our next priority is to insure all personnel have the training to contribute to the Air Force mission. O&M funds operate the initial military training facilities, the technical training centers and the flying training schools which provide entry level job skill training as well as the advanced courses required for our members to become senior technicians, managers, and pilots.

Air Force programs grow by \$40 million in FY 1991. Although overall accessions are remaining relatively stable, there is a slight increase in the recruiting costs to support increased line and medical officer accessions. We have also programmed an increase in health profession scholarships through the Financial Assistance and Nurse Anesthetist Programs. The increased costs are associated with recruiting from this limited and critical segment of the economy. The training growth is focused primarily in three areas--Flight Training, Specialized Skill Training and Professional Development. Flight Training increases by \$15M to cover full year funding for the conversion to contract of the aircraft maintenance program at five training bases. The majority of the increase in Specialized Skill Training and Professional Development (\$12.5M) reflects the effort to establish a formal acquisition professional development system to support a single military/civilian systems acquisition work-force. This workforce resulted from the restructuring of the major Air Force acquisition commands. The remaining increases in training cover additional ROTC Scholarships to help us attract vitally needed Engineer and Technical Specialists as well as increased Technical Training to insure that our personnel are equipped to face the ever-increasing technical challenges in their work environments.

Once military personnel are trained and in the field, most of their operating support, except for pay, is provided by O&M funding. Dormitories are maintained and equipped, and dining halls

are operated, with O&M funds. Real property maintenance funding determines the condition of these facilities. The Air Force considers these O&M expenditures to be top priority because of the impact on the morale and welfare of our people--and ultimately the impact on retention. Every quality person we keep in the force represents a major cost avoidance in terms of recruiting and training.

MEDICAL

We continue to focus our efforts on providing quality health care for our members and their families. However, the rising cost of health care continues to be a major source of concern. In developing the FY 1991 budget, we provided full funding of projected requirements for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). Our budget estimate also includes continuing health care initiatives (such as expanding base clinic capabilities) to help contain the rising costs of CHAMPUS. These initiatives should provide greater health care capability within our military treatment facilities (MTFs) at a lower cost to the Air Force and reduced out-of-pocket expenses for our members. As a result of these initiatives, management savings totalling \$54.1 million have been projected in the CHAMPUS costs reflected in this budget. Other programs, including Catchment Area Management, AF/VA sharing agreements, CHAMPUS Alternate Use, and expansion of CHAMPUS Reform Initiatives have been incorporated in our FY 1991 plans to improve patient access to health care in MTFs. We have anticipated that these actions will generate additional managed care savings of \$56.1 million.

MORALE, WELFARE AND RECREATION (MWR)

MWR programs continue to be one of the best ways to show service members and their families that the Air Force cares. They provide a direct contribution to morale, fitness and a

healthy lifestyle for our people. Their value is ultimately measured in the readiness of our force. At overseas bases, MWR gives the individual an established community which is familiar. Frequently, these familiar programs are not available or affordable off base. In the CONUS, MWR provides the benefit of activities which enable the member to quickly adjust to a change of station. The result is a more effective person on the job and a more ready Air Force. The benefit of strong MWR programs becomes even more important during this time of troop drawdown and base closure. Members who remain need to know they will be supported. Preserving MWR program funding can send a strong message of commitment to our service people.

During the past three years, MWR has been implementing major changes in funding policy provided by Congress. In compliance with congressional direction, by the end of FY 1991, we will have realigned APF support from the revenue generating activities (Category C) to the mission support (Category A) and community support (Category B) activities. With these actions taken, our FY 1991 budget is now solidly on the new course Congress has set for supporting our MWR programs.

Since child care is a national issue, as well as an Air Force one, we are aggressively pursuing improvement in this area. The Military Child Care Act of 1989 has placed an additional APF requirement on MWR in order to comply with the law. The provisions require APF funding support equal to the fees paid by parents. APFs will be used for supervision and administration. The result of this new requirement will be improved quality and expanded care.

FLYING HOUR PROGRAM

The Air Force flying hour program is key to the readiness of our strategic, tactical and airlift forces. In light of fiscal constraints, the FY 1991 program reflects the minimum acceptable combat capability for our given force structure. The Air Force's

flying hour program for the Active Air Force decreases by about 114,000 hours or 5.0 percent between FY 1990 and FY 1991, but the hours per crew per month remain approximately at the FY 1989 programmed level. The flying hour decreases are primarily due to the force structure reductions of assigned aircraft. These reductions include the retirement of 16 B-52Gs; the transfer of 10 KC-135s to the Air National Guard; and reductions in F-4E, OV-10A, AT-38, and RF-4 aircraft.

The following table shows the active aircraft inventory and the flying hours funded by the O&M, Air Force account:

O&M, AIR FORCE ACTIVE AIRCRAFT INVENTORY AND FLYING HOURS

	FY 1989	FY 1990	FY 1991
Average Primary Aircraft Inventory (APAI)	5,504	5,379	5,159
Flying Hours (000)	2,353	2,300	2,186

The average primary aircraft inventory (APAI) is used to determine flying hour allocations. The APAI takes into account the phasing of force structure changes, thus ensuring the flying hour adjustments track to the actual aircraft assigned. The O&M APAI shows a net decrease of 220 from FY 1990 to FY 1991. The Air Force's modernization program continues as F-16 C/Ds replace F-4s and older F-16s; B-52Gs continue phasing out, and F-15Es complete their acquisition program.

A substantial portion of the total O&M budget directly supports flying operations. A large part of the depot maintenance program, all aircraft contractor logistics support (CLS), all of the aviation petroleum-oil-lubricants (AVPOL), and roughly 23 percent of the supplies purchased with O&M funds directly support aircraft and flying operations. CLS is a preplanned, permanent support concept that provides logistic support to a system or equipment by contract throughout its entire life cycle. The Air Force contracts the system's/equipment's logistic support at one or more levels of maintenance

in lieu of developing an organic capability. Typically, CLS is used to support equipment with small inventories or systems in which rapid technological change is occurring and organic support would be cost prohibitive.

The need for AVPOL and supplies is straightforward. Aviation POL is the fuel consumed in flying aircraft and maintaining and testing engines. Due to higher DoD fuel prices, AVPOL cost per gallon (JP-4/JP-8) is programmed to increase from \$0.55 in FY 1990 to \$0.65 in FY 1991, or about 18 percent. This results in additional costs of \$290 million in FY 1991 and, unfortunately, more than offsets the \$143 million program reduction from the overall decrease in flying hours and force structure in FY 1991. Supplies are the replacement parts and other expendable items used by field maintenance organizations to repair aircraft.

Just as important as the hours themselves is where and how they are flown. Straight and level flight, for example, does little to prepare a fighter pilot for war. Aircrews must practice, as nearly as possible, under conditions they would face in actual combat. Training must be rigorous and realistic to allow crew members to exploit the full potential of their weapon system. As weapons have become more expensive and more lethal, practice with "live" weapons has become increasingly limited. Electronic simulation devices complement practice with actual weapons. Improved technology on our training ranges enhances realism when electronic simulation devices are used.

Generally, aircrews of the Tactical Air Forces must deploy to use the ranges. For example, aircraft and crews from Moody AFB, Georgia, may go to the ranges at Nellis AFB, Nevada, to employ precision guided weapons. When a squadron is deployed, its maintenance capability goes with it. Maintenance people, spare parts, tools and equipment are deployed, and we provide a travel allowance to aircrews and maintenance personnel which

helps offset their additional living costs. The spares and required maintenance equipment must also be transported to the range. All these transportation and TDY costs are paid with O&M dollars.

Training deployments produce other readiness benefits. U.S. based units become more effective by deploying to Europe or the Pacific to train in the environment in which they may have to fight. Effectiveness of our alliances is improved by conducting exchange and interoperability exercises with allied nations. These exercises require significant expenditures of O&M funds but have a high payoff in readiness training. For aircrews and maintenance personnel to perform the duties for which they train, they must have the weapons, maintenance equipment, parts, and supplies they need. Transportation of materiel from supply centers in the United States to the using unit, wherever it might be, is paid with O&M funds.

DEPOT MAINTENANCE

The Air Force Depot Maintenance Program is one of the most visible of the O&M programs because of its cost and direct impact on force readiness. Depot Maintenance provides for the highest level of maintenance of aircraft, missiles, engines, other major equipment items, area base maintenance, exchangeable (repairable) subassemblies and/or components. Depot Maintenance also includes Interim Contractor Support (ICS), some classified programs, and Other Logistic Activities (OLA). Depot level maintenance is accomplished at the five Air Logistics Centers (ALCs), the Aerospace Guidance and Metrology Center (AGMC), the Aircraft Maintenance and Regeneration Center (AMARC), through interservice support, or by defense related contractors.

In FY 1990/1991, the Air Force depot maintenance funding profile changes to reflect policy decisions made during the Defense Management Review of Air Force programs. Funding for repair of depot level reparable exchangeable components will, in

the future, be managed by the Stock Fund. The implementation date for stock funding the repair of exchangeables is projected to occur at the beginning of the fourth quarter of FY 1991, so repair costs for only three quarters in FY 1991 are requested in the O&M depot maintenance account. This is a major change in the way we currently do business and should generate savings in FY 1992 and out by establishing funding responsibility, through cost accountability, at base level. In addition, per Congressional direction, depot level installation of modernization kits was transferred to the procurement appropriation at the beginning of FY 1990.

O&M funds spent for depot maintenance support both peacetime and war fighting capability. Combat training must be rigorous to be effective, and under the stress of such training, equipment deteriorates rapidly. Air Force equipment is also exposed to the elements in some of the world's harshest environments. Since we would fight with the same weapons we use to train, equipment in poor repair must be restored or replaced. By restoring equipment to a ready state, depot maintenance helps avoid tremendous investment costs (repair vs. buy cost is 7 to 1 return on dollars), as well as ensuring a high level of weapon system readiness to meet potential worldwide mobility commitments.

The four major factors that drive the requirements for depot maintenance are the number of aircraft in the inventory, aircraft age, the flying hour program, and the complexity of highly technical aircraft systems. The number of aircraft in the total Air Force inventory (TAI), to include the Guard and Reserve, has decreased from 6,368 in FY 1978 to a FY 1990 total of 6,046; however, in FY 1978 the average age for the inventory was 11.8 years, now it is 16.3 years and growing. As aircraft age, they generally require more maintenance at a greater cost. Finally, even though newer aircraft are designed and produced to be highly reliable and maintainable, the repairs to these highly technical

systems may cost more than repairs to the less sophisticated systems of earlier models. In addition, the technical complexity of our new systems and equipment and the commensurate lead time to acquire necessary organic maintenance support often require the Air Force to use Interim Contractor Support until it can establish an organic maintenance capability. As a result of the above factors, the maintenance environment changes to keep pace with the dynamic challenges placed on it. The Air Force budget contains the funds needed to keep pace with changing requirements.

SPACE OPERATIONS

Our military space systems support a variety of essential military operations such as navigation, communications, surveillance, and weather observation. Satellites have global access and are more efficient than alternative means of support. This is the primary reason systems such as the Defense Meteorological Satellite Program (DMSP), the Defense Support Program (DSP) and the Defense Satellite Communications System (DSCS) have become totally irreplaceable for the success of military operations. Space operations has been one of our most dynamic areas in the last three years and will remain so in the future.

The ability to launch our space systems into orbit was shaken by the Shuttle and Titan 34D accidents in 1986. The Air Force, as the DoD agent for space launch, rapidly moved forward with a Congressionally supported plan to recover our space launch systems and develop a more robust national capability. This strategy has reached fruition. Fiscal Year 1991 will be an active year as all DoD launch systems move toward maximum launch rates or into final activation. The heavy launch rate is driven by the need to orbit the backlog of satellites awaiting launch because of the Shuttle accident and resulting launch standdown. We will launch five Delta II missions in order to move NAVSTAR

Global Positioning System (GPS) well on its way toward an operational constellation in FY 1993. Three DoD Shuttle missions and two Air Force Titan IV, O&M funded, missions are planned. We assumed operational funding responsibility for the Titan II space booster program at Vandenberg AFB, California in 1990. Our combined launch rate for DoD payloads on the Titan boosters (II and IV) and Medium Launch Vehicles (Delta II, Atlas II, Atlas E) will be twelve missions in 1991, vice nine in 1990.

The capacity of the Air Force's Satellite Control Network (AFSCN) is expanding to meet the workload that will be generated from increasing launch activity in 1990/1991. The Consolidated Space Operations Center (CSOC), located at Falcon AFB, Colorado Springs, Colorado, includes facilities which provide improved survivability and security for space operations; allows improved planning, preparation and control for operational DoD satellite systems; and serves as the command and control center for the AFSCN. There are very dynamic years ahead in the space operations area--years which must be completed successfully in order to ensure DoD space launch recovery is complete and our vital on-orbit assets are providing all the support needed by the military commanders in the field.

COMMAND, CONTROL AND COMMUNICATIONS (C3)

Our C3 systems provide for a wide variety of support and services. Examples of operations supported are the National Military Command System (NMCS), the National Emergency Airborne Command Post (NEACP), the Worldwide Military Command and Control System (WWMCCS), Satellite Control Facility communications, Defense Meteorological Satellite Program, Weather Service communications, Air Force Command and Control Systems (AFC2S) and major command unique C3 systems. Supporting services include management headquarters, the engineering and installation of C3 systems, circuits used for computer data transfers, leased long line communications and basic telephone service for all Air Force

installations. Major trends in communication costs reflect increases in efforts to improve, modernize and replace aged and outdated systems, plants and equipment in order to meet the mission essential requirements of our weapon systems and logistics support organizations. For example, funding increases reflect additional support for SAC communications which directly support the Post Attack Command and Control System (PACCS) aircraft and personnel; normalizing Air Force logistics support for space and early warning systems operated by Air Force SPACECOM; increased communication tariffs imposed by Spain; new satellite communication terminals for a recently remodeled facility; leased communications for the Automated Weather Distribution Program (AWDS); and modification of the AFC2S to maintain interconnectivity with DoD's joint WWMCCS Information System (WIS).

BASE OPERATING SUPPORT

Base operating support (BOS) is synonymous with readiness. Driven by mission requirements, many BOS requirements are inflexible because they are determined not only by the force structure but, more importantly, by the number of installations we operate and maintain. BOS is not easy to quantify in terms of number and age of installations, or by the number of aircraft, flying hours, or workyears. It is a program that cuts across all major force programs and is an integral part of the mission structure. It is important to understand that BOS is readiness support; it is not just "housekeeping."

BOS includes, but is not confined to, support for such functions as Services (dormitories and dining halls), Transportation, Supply, Security Police, MWR, Communications, Personnel, Comptroller, Chaplain, Judge Advocate, and Transient Aircraft Alert. These functions incur various types of expenditures including civilian pay, travel, supplies, equipment, purchased maintenance of equipment, and other miscellaneous

contract services. Civilian pay and contracted services account for 75 percent of BOS, thus we need to approach changes in BOS like any weapon systems change--programmatically.

The FY 1991 increase in BOS includes price growth of \$53 million, net transfers of \$113 million and program growth of \$106 million. The program growth in FY 1991 includes increases over a very suppressed FY 1990 baseline to provide minimum support for the Air Force mission and personnel. This restoral provides for dining hall equipment, dormitory furnishings, parts and supplies for vehicle maintenance, increased maintenance costs for aging equipment, and replenishment of bench stocks which have been drawn down to critical levels. Much of this requirement represents items deferred from the previous fiscal year due to severe FY 1990 funding constraints. Failure to fund it will result in the inability to replace worn out equipment in the dining halls, inoperable motor vehicles due to lack of parts and cannibalization, equipment down due to insufficient maintenance, and lack of supplies required to provide base support services as bench stocks are depleted. This minimal program growth will still not restore the BOS program to the levels traditionally executed nor to the level actually executed in the constrained FY 1989 environment.

REAL PROPERTY MAINTENANCE ACTIVITIES

About 14 percent of the FY 1991 O&M budget is for Civil Engineering activities, including maintenance and repair of real property, operation of utilities, and other engineering support. Operation and upkeep of the facility plant are of vital concern since the Air Force currently trains and will fight from its bases. Much of the plant is the supporting structure for readiness and sustainability: maintenance hangars, aircraft shelters, missile silos/launch facilities, command and control facilities, training buildings, and runways. The plant also

provides essential living and recreation areas for our people, helping to retain a quality force.

Requirements to preserve and adapt the plant to current needs continually accrue. New maintenance and repair efforts arise as the plant grows older. The average age of facilities is over 31 years, and much of the plant is of World War II or Korean War vintage. Increasing constraints on Military Construction funds dictate the extended use of our facilities. More stringent life/safety, fire protection, and environmental criteria, especially the latter, are demanding an increasing share of our maintenance funding. Environmental compliance is a vital concern to the Air Force, and we intend to continue an active approach to it. The FY 1991 program includes \$95 million for these efforts. Our older facilities must be renovated to comply with current public and legal standards. A commitment to fund these efforts is cost effective and provides long-range benefits. Due to the keen competition for funds, recent funding levels for Real Property Maintenance (RPM) have been insufficient to meet new maintenance and repair requirements. Although there is an increase for RPM in FY 1991, it is from a severely depressed FY 1990 baseline. Your full support for this partial restoration of RPM funding in FY 1991 is needed.

Although Phase I of base closure will initially reduce our physical plant size, on-going and future MILCON for new missions and deficiencies for the rest of the Air Force will offset the closure plant decrement, resulting in minimal net changes in RPM funding requirements. Base closure will, however, by its respective plant reduction, reduce the growth of future RPM requirements. Reduced RPM expenditures for base closure candidates have been considered in this budget.

OTHER PROGRAMS

This area contains the remaining Air Force O&M mission costs. It includes categories such as sustaining engineering;

supplies and equipment (non-flying); second destination transportation; direct mission travel, e.g. exercises, inspection visits, and aircrew travel; National Foreign Intelligence Program (NFIP) and other classified programs; and numerous contractual efforts. Some of the larger support contract efforts include the North Warning System, Over-The-Horizon Backscatter (OTH-B) Radar, ADPE processing services for all computer systems, purchased equipment maintenance for all mission areas, and range contract operations; e.g., Nellis, Eastern/Western Test Ranges. While there is a wide variety of minor offsetting changes to various programs due to operational system changes, the major program reductions from FY 1990 to FY 1991 are the transfer of Special Operation Forces to a newly established Defense Agency status and the transfer of first destination transportation to the investment accounts.

CONCLUSION

This concludes my statement on the FY 1991 O&M, Air Force budget request. This budget request provides the minimum resources required for a smaller force structure and attempts to balance our readiness requirements against pressing needs for modernization within constrained fiscal parameters.

Senator DIXON. Thank you, General Finan. We are delighted to have the distinguished Senator from Michigan, Senator Levin, here as well. Is there any statement you would like to put in the record?

Senator LEVIN. No, thank you.

Senator DIXON. I wonder if staff would put on the Vu-graph this question of the civilian employment freeze. I want to develop that with Mr. Shycoff.

Mr. Shycoff, on January 11 Secretary Cheney imposed a hiring freeze on civilian personnel in the Department of Defense for the rest of this fiscal year until October 1. That is correct, is it not?

Mr. SHYCOFF. That is correct, Mr. Chairman.

Senator DIXON. Officials from your office have discussed this with the staff and suggested that this hiring freeze could save as much as \$540 million in fiscal year 1990. Is that the figure that you folks would accept as correct?

Mr. SHYCOFF. Yes, Mr. Chairman. That is consistent with our calculations.

Senator DIXON. Also, I am told that if the hiring freeze stays in effect until October 1, DOD will start next fiscal year with a much lower civilian personnel strength than the 1991 budget currently assumes. I presume that to be correct?

Mr. SHYCOFF. Yes, Mr. Chairman.

Senator DIXON. The committee staff has also suggested that in extrapolating those numbers they found that the full year savings in fiscal year 1991 on the civilian hiring freeze could be as high as \$1.4 billion from the current fiscal year 1991 budget. Do you agree with that figure?

Mr. SHYCOFF. Given the assumption you made, Mr. Chairman, yes. I would like to elaborate a bit, though.

We are looking at total numbers here, and we have in the budget, as has been indicated by the statements of the service witnesses here, a great deal of change.

We have pluses and minuses appearing all through the budget, so even though the personnel change itself does not appear to be that great, there is a great deal of turbulence in the civilian personnel world.

What we are trying to accomplish with this freeze is actually to create the vacancies to take care of those people who will be affected by the realignments that are made in programs by the savings that we have in there.

If you would just look at it simply that way, as a freeze with no other action, the calculation is a correct calculation. However, when you look at the turbulence and the need to find positions and make sure that there is something available for those people who are displaced by the actions that we have reflected on the budget, the consolidations, the management improvements that we have, we are going to need those spaces, and I do not believe the inference that we can adjust the budget by \$1.4 billion as a result of this would be a correct one.

Senator DIXON. It is not necessary—I take it then, on the basis of your testimony—for us to ask OMB to do a review of that and give us all the numbers, at least in the ballpark way, the \$540 million for the balance of this fiscal year and \$1.4 billion for the next is sufficiently close to right. We can at least employ those numbers in our calculations.

Mr. SHYCOFF. We have no problem at all with the calculation.

Senator DIXON. I thank you, Mr. Shycoff.

May I ask you something, Admiral Walsh? You are requesting funds to support essentially the same operating tempo for ships and aircraft in fiscal year 1991 as in fiscal year 1990. That is correct, is it not?

Admiral WALSH. Yes, sir.

Senator DIXON. I have to ask you in view of the changes in the world, particularly in Europe and the Soviet Union, is it fair to assume that there is no reason to reduce the need for forward operating forces? All these sea changes that are taking place do not change our needs so far as operating forces, advanced operating forces?

Admiral WALSH. Sir, as I mentioned in my opening remarks, a large part of what we do on a day-to-day basis is not related to the Soviet Union or Central Europe scenario.

What we did in the Persian Gulf and Libya, what we are doing in support of drug interdiction is, to a very large degree, unrelated to the Soviet changes that are taking place.

Senator DIXON. You do not think that there is anything there that would affect the operating tempo of the forward deployed units in the Pacific and the Mediterranean, for example, in what is occurring?

Admiral WALSH. No, sir.

If you look at what happened in the Persian Gulf, the forces that were on scene, had to be ready to go on literally seconds notice. You cannot get out there and then decide to train. You have got to be ready to go at all times and in order to maintain that edge, you have to be training constantly so that if something happens, you are ready to respond to it.

Senator DIXON. Thank you, Admiral.

General Robles, page 129 of the Operation and Maintenance Overview for fiscal year 1991 shows increases in your recruiting budgets in fiscal year 1991. General Finan, the same for you.

I have to ask you why are your recruiting budgets increasing when everybody here knows that the overall size of the Army and the Air Force is going to be sharply reduced? That seems like kind of an anomaly.

General ROBLES. Sir, I would like to add a little clarity to that point.

First of all, the Army's recruiting budget and the amount of people we are recruiting really decreased between 1989 and 1990. In order to achieve force structure reductions in 1991, you have to start in 1990 to take the accessions off the rolls.

In fiscal year 1990 we are going to have 25,000 less soldiers on the rolls than we had in 1989. In fiscal year 1991, we lose another 16,000 soldiers; we had to start early to achieve the goals. So, you will see if you look back between 1989 and 1990 the real drop in accessions.

Senator DIXON. I do not want to interrupt you now, but this is kind of simplistic. I do not want to complicate it too much. We are going to bring folks home.

Even the President's suggestion, that if it takes a year or two before we bring folks home, clearly indicates we have a half million people over there; 305,000 with dependents. He is going to reduce that number to 195,000 with the 30,000 cushion, but you are going to bring folks home, we are going to reduce units here. We are already worrying about how we are going to absorb these people back into our civilian population.

I presume we are going to try to do it somewhat by attrition and other things because this is a volunteer force, and I think it is kind of curious that we are continuing to spend more on recruiting.

Now, you do not see that as a contrast there?

General ROBLES. No, Mr. Chairman, we do not see that as a contrast.

Senator DIXON. Why do you want to keep on recruiting more people when we are going to be getting rid of so many people? There is almost going to be a fight for those who want to stay I think.

General ROBLES. The first thing, sir, is what you are getting off the rolls are older soldiers, people who are already in units. These people who have served their enlistment are coming off the rolls, not the new recruits. We also reduce requirements through normal attrition.

Senator DIXON. Can I assume that?

My time is up, but if I may pursue this, can I assume that?

You see, I assume there are a lot of people—if you will go along with me on this, General Robles—I assume there are a lot of fine people out there. After all we are all pleased with the fact that over the years we have developed a volunteer service that is largely high school graduates. We are proud of that, well educated people were motivated to come in, they were not drafted, they came in by their own choice. They are in there and a lot of them, I presume, must like it. They did it of their own free choice.

And now we bring them home from Europe and other places in large numbers, thousands and thousands and thousands of them, and I presume some will want to get out and some will want to stay, but I have to believe a lot will want to stay.

And, in fact, let us face it—I do not mean this in any partisan way, but I do not think the economy looks that much rosier in the next several out years. So maybe some will say wait, I do not know if I can get a job on the outside. I have a good one here.

Some of those people might have 11, 12, 13, 14 years of service. Why would they not want to stay until they can get a pension?

I have to assume they are going to want to. I do not want to belabor this unduly, we are going to look at this in committee, but I do not understand going out there and reaching out to bring in more and more and more personnel. We are going to have a whole lot of them that are awful good that have stayed out of trouble for years, have been overseas, are combat-ready, intelligent, motivated, and want to stay in. Why do we want to get rid of them?

General ROBLES. Sir, as you said, this is not a simplistic issue, but I will try to clarify it as much as I can very quickly.

Senator DIXON. Good, because I want to yield to Senator Gorton.

General ROBLES. A portion of the units we may bring back from overseas, and a portion of those soldiers will stay on. They are career soldiers. They like the Army. They are very happy with the Army. A portion of those will, in fact, leave the force as will people from other units that are staying in the residual force structure.

We have an analysis that carries you out lots of years that tells you how many people on the average will attrit every year.

Senator DIXON. You do have that?

General ROBLES. Yes, sir.

Senator DIXON. Could we get numbers that show this attrition rate?

General ROBLES. Absolutely.

Senator DIXON. We want that.

[The information follows:]

ARMY MILITARY ATTRITION

Based on the programmed reductions in the recently submitted President's budget, the Army planned to meet reduced end strength targets both by cutting accessions and implementing policies to produce additional losses. In the President's

budget, projected enlisted forced losses are 2,100 in fiscal year 1990, 3,460 in fiscal year 1991, 12,720 in fiscal year 1992, 11,800 in fiscal year 1993, and 4,900 in fiscal year 1994. Projected officer forced losses are 1,421 in fiscal year 1990, 1,545 in fiscal year 1991, 3,616 in fiscal year 1992, 2,634 in fiscal year 1993, and 1,512 in fiscal year 1994.

General ROBLES. To finish my explanation, let me make an analysis of how many we have to recruit to bring on board to fill in the residual force structure. You will see that we have to slow back our accessions because of that analysis.

Let me also explain the budget request where you noted there was an increase between 1990 and 1991. There is a \$13 million increase in the recruiting budget. \$11 million of that was for inflation alone. That really left about \$2 million of real growth. We plan to use this growth to improve the recruiter's quality of life in terms of family services. These recruiters are out there in the states with no support structure like the rest of our soldiers have who are on our bases, posts, camps and stations. We are also replacing some automated printers on a vintage old system called JOINS which recruiters use to give a standardized presentation to prospects.

So, as a matter of fact, what appears to be a big growth in the recruiting budget or some growth in the recruiting budget is really not a lot of growth. And we are, in fact, scaling back, leveling out the recruiting budget and trying to compete against my colleagues here in a tougher youth market that is still shrinking. Recruiting efforts have to be increased, not diminished.

Senator DIXON. Thank you, General.

Senator GORTON.

Senator GORTON. Staff, would you put page 9 of Secretary Shycoff's chart up there, the DMR savings page.

Mr. Secretary, that is an intriguing chart. There cannot be anyone here who does not say how wonderful it would be if there were 5 years. We could save \$39 billion and not have any impact at all on what it is that we are doing. But you will perhaps excuse a little bit of a few reservations on whether or not those numbers are real.

Let me start with the smallest of them. How do you freeze civilian employment for the balance of this year and by implication from your answer to the question, the question of the Chairman, next year and at the same time have civilian substitution?

Mr. SHYCOFF. My estimate—I have an estimate that we will not have a freeze next year, Mr. Gorton.

Again, as I indicated earlier the primary reason for the freeze is to get some vacancies to create some holes so that the people who will be displaced will have opportunities to find other jobs within the Department of Defense. But it is our intent—our budget is such that we will expect to replace military with civilian, and that is reflected in the budget.

Senator GORTON. Why is that cheaper? Why do you save money on civilians?

Mr. SHYCOFF. Because the average cost—I will correct the numbers for the record, but it is almost a \$30,000 difference between the cost to have the military and the support that we have to provide to them and the cost to pay a civilian to do the same job.

[The information follows:]

The average military salary of \$37,800 is \$7,700 higher than the average civilian salary of \$30,100. Of course, the actual difference between military and civilian salaries will vary according to the function involved.

Senator GORTON. Does the administration line in the chart, does that imply over this period that we will have sharply fewer people, say, in the Pentagon and in other administrative positions both civilian and military than we do at the present time and perhaps even a smaller share of whatever the size of the armed services are at the end of this 5-year period?

Mr. SHYCOFF. Yes, it does. In the case of the Office of Secretary of Defense, for example, that assumes a 12 percent reduction from where we were at the beginning of this year, and what is reflected in fiscal year 1990 as an example.

Similar reductions in other support establishments are also reflected in those numbers.

Senator GORTON. So, it is your feeling after this management review that we can do with substantially fewer people and I take it that that will be fewer people even as a percentage of the uniformed armed services?

Mr. SHYCOFF. I am not sure about the percentage, sir, but certainly we can—I believe we can do with fewer people that we can have fewer people in the oversight area in the Office of Secretary of Defense, that we can get better management of civilian personnel.

Another example of what we are talking about is part of our policy of giving the manager in the field more authority in terms of what we allow them to do. Give them the responsibility to classify. As long as they live within their budgets, give them the tools and let them have the accountability to manage their personnel.

As a result of that we feel we can also get by with fewer people, civilian personnel, staffing officers. That would be another example of a savings, and I think it is a real savings, something that we would really achieve, and is doable during the time frame we have in mind.

Senator GORTON. Let me go down to the last line. I may have missed what you said with respect to consolidation studies, but you are not really telling us that you will save \$5.5 billion by studying consolidation, are you? Are you not going to have to study it and implement it and if so, what kind of consolidation?

Mr. SHYCOFF. We have a number of studies that are now underway, and that is why the use of the term studies. We do not have the implementation plans yet, and in this case these are estimates. We do not have implementation plans.

We are looking for example at the consolidation of our 33 warehouse complexes that are currently managed by five different components of the Department of Defense to be managed by a single agency. In doing such we can take advantage of better utilization of our space, reduce overhead costs that it takes to have five overhead organizations managing those.

Another example would be in the area of information processing, data processing centers. And, again, this is not to find fault with

the way it has been done in the past because the technology has changed.

Senator GORTON. My time is about to run out. I do want to ask you a bigger question. You have adequately answered that one, and the largest number there, of course, is that top number on logistics and acquisition. \$21 billion is a very, very appealing number, but how about giving us a couple of examples both in logistics and in acquisition as to whether or not we simply mean—you simply mean that you are not going to be acquiring a number of weapons systems or the like that you originally assuming that you would acquire or that you are going to save \$21 billion by acquiring the same systems more efficiently and effectively and if it is the latter, why do you not give me a couple of examples of how you can save anything like that amount of money.

Mr. SHYCOFF. Mr. Gorton, we spend over \$30 billion a year or approximately \$30 billion a year on the supply system both in the managing of supplies and the buying of supplies.

The system that produced the inventory that has gotten so much recent publicity, there are two very significant things we can do in that area to reduce cost. One is to make a significant reduction in lead time. By changing some of the acquisition rules in terms of the way we buy would not only reduce the amount that we have to buy, it would reduce our risk, reduce the size of the inventory, reduce what we have to manage. This is one of the changes we can make.

Some of the authority we will give our managers, for whatever reason we had not allowed them in the past, is to allow them, for example, to buy forgings and castings. In the past, we had said you could only buy end items. That will not apply to every item now. It may have only a few very significant usages. But, for example, when we have a current lead time on some components of almost 3 years, it means that we have to have an inventory to cover that lead time from the time it takes to buy to cover that period.

We are told that by buying forgings and castings for 20 cents on the dollar we can reduce the lead time to about 6 months. The importance in reducing lead time is one of the things that will come out when you have your subsequent hearing on the change in demand. The changes that are constantly taking place because we have modifications, because we have other things that are going on, is that uncertainty that all of a sudden results in something that was needed yesterday, not being needed tomorrow. Where we can reduce that lead time significantly, we reduce that uncertainty. We reduce—we eliminate the fact that we will buy something today because we need it 3 years from now.

If we buy something—if I do not have to buy that item for 2½ years, I am going to make an awful lot less of what I would not, but what somebody pejoratively might say would be bad buys. They were not bad buys. They were correct buys when they were made, but we spent \$5 billion approximately a year on modifications as we constantly improved the program.

Every time we make a buy, a modification, we make some spare parts obsolete that were valid yesterday. If we can reduce those lead times, we are going to get some real savings. We are going to see that inventory go down. We are going to see the management

costs go down. That is just one. We have a list of those other items that we have identified.

We have gone to our manager in the field and said what are the kinds of things that keep you from reducing costs—our people who live with this system on a day-to-day basis? That is why we have also made the financial system changes, to say here is this whole \$30 billion in one place instead of five places.

And in the course of doing that, we have had some feedback that they understand things better, that they understand that it may be cheaper to actually pay 5 cents more for something and avoid the double transportation costs and double handling costs in the way we manage it.

In all of these instances I am really confident as you can tell. It is almost like a religious fervor with me that we are going to get those savings in that area.

Senator DIXON. Thank you, Mr. Shycoff.

Mr. Levin.

Senator LEVIN. Thank you, Mr. Chairman.

Mr. Secretary, I want to pick up on that subject that you just were discussing with Senator Gorton.

We have had the Comptroller General before us and yesterday again the GAO testified in front of Governmental Affairs on this excess inventory issue. The figures they use is that you have in total in DOD about \$103 or \$104 billion of inventory. Their estimate is that \$34 billion of that is excess inventory which you do not need to meet current requirements.

I gather there is some—there would be a big difference between you and the GAO on that \$34 billion figure that you would not agree that that is excess. Your number would be significantly lower than that. Is that a fair statement?

Mr. SHYCOFF. That is correct.

Senator LEVIN. What do you concede by your definition is excess inventory?

Mr. SHYCOFF. It might be more helpful if I let Admiral Walsh talk to that just from the standpoint of the Navy to give you a feel.

Senator LEVIN. I would rather not get a feel for just one service. I would rather get the overall picture.

What is the number that the DOD would use, what you believe is truly excess inventory?

Mr. SHYCOFF. I would say it is closer to maybe one third of that on the order of approximately \$10 billion, Mr. Levin.

Senator LEVIN. Is that on your—would that be what you would label potential DOD excess? Is that the category?

Mr. SHYCOFF. Yes.

Senator LEVIN. Now, the other category is about \$9.6 billion, and a couple of other categories which are major components of that \$34 billion used by the GAO you would not concede are truly excess inventory, one category being what is called contingency retention stock which is \$10.6 billion figure, is that correct?

Mr. SHYCOFF. That is correct.

Senator LEVIN. And another category entitled DOD economic retention stock, \$9.7 billion, is that correct?

Mr. SHYCOFF. That is correct.

Senator LEVIN. Those are the three major categories which total \$34 billion. There are a few other little ones in there, but those three items make up the major portion of the GAO total of \$34 billion.

I want to just focus first on what the DOD would agree is excess which is that \$9.6 billion. How much in that category was written off last year? Do you know the figure?

Mr. SHYCOFF. No, I do not offhand. I could supply that.

Senator LEVIN. Do you have any idea as to how much would have been written off in just that \$9.6 billion category which you concede is excess? Would it be in the billions?

Mr. SHYCOFF. I believe it would be less than \$1 billion. We have had a general policy in the last few years, a practice on the part of our managers not to dispose of items, Mr. Chairman.

We frankly have not been too excited about that except for maybe the bad publicity and the headlines. It does cost us something if we get overcrowded in our depots, but I have to go back and kind of look at how we got where we are and where we are headed. To me it is like looking at my attic. I have a lot of things in my attic, and I assume everybody else in this room does that are never used that had a good valid reason when I bought them, but they are not costing me anything to have in that attic.

I will not say they are not costing us anything. It does cost us something if we get overcrowded or if we cannot close a depot because of this. But if I am not going to get rid of the attic, then the incremental cost to keep the stock is not significant. In the past number of years, even from those items we think are dead, we get a very small number of hits every once in a while. Customers are out there. There are stocks out there used by FMS customers.

We had a recent meeting with someone who is talking about how many hits they get on the DC-3. We do not have any DC-3s that I know of in our force, but we keep these. I get a little leery of these stratifications and changes that occur every 3 or 4 months.

Senator LEVIN. Do you have DC-3 parts in your inventory?

Mr. SHYCOFF. Yes.

Senator LEVIN. Even though there is no use for them?

Mr. SHYCOFF. There are uses for other countries, so we sell them. We do not buy any, but we do not dispose of them, and they will show up as excess in our current calculations.

Senator LEVIN. But you do not have any ideas as to how much of that admitted excess was either written off or disposed of last year?

Mr. SHYCOFF. I can provide it for the record. I would estimate it is half a billion dollars.

[The information follows:]

The Department disposes of excess materiel through the Defense Reutilization and Marketing Office. Statistics on supply system secondary item inventory alone are not available because disposals also include principal items like tanks, ships, and aircraft. Additionally, when the supply system transfers an item to the Reutilization and Marketing Office, it may be reutilized within DOD, transferred to other Federal agencies or donated to State governments or other authorized recipients.

The supply system transferred \$1.8 billion of stock funded materiel to disposal during 1989. \$8.2 billion worth of excess materiel from all sources was processed as follows (in millions of dollars):

Reused within DOD.....	\$1,712
Foreign Military Sales.....	19

To other Federal Agencies.....	251
Donations.....	290
Sales.....	2,113
Scrap.....	3,635
Other (abandoned, destroyed, targets).....	221
Total.....	8,241

The sales of \$2,113 million of materiel above produced income of \$63 million and the proceeds for scrap above were \$77 million. A portion of the \$140 million total proceeds is returned to industrial funds. Under legislative provisions that encourage recycling, some of those proceeds are directed toward environmental protection, to include disposal costs, and some of the proceeds go to non-appropriated funds. None of the proceeds go to the inventory system. The U.S. Treasury received \$80.1 million from the proceeds.

Senator LEVIN. Write-off or disposed off?

Mr. SHYCOFF. Disposed of. We do not write it off.

Senator LEVIN. Does that mean you would have received a half a billion or was the half a billion that you had received significantly less?

Mr. SHYCOFF. We would have received significantly less. We go to——

Senator LEVIN. I understand, but——

Mr. SHYCOFF. A little on the—over \$100 million, on the order between \$100 and \$150 million would be our proceeds from the sale of disposal material last year.

Senator LEVIN. And there is a budget item for sale of the disposable materials?

Mr. SHYCOFF. It shows in the budget, yes, as an offsetting receipt in defense.

Senator LEVIN. I am not sure that your analogy of the attic fits. First of all, every once in a while people have garage sales. That is number one. And, number two, it costs us money. We have got thousands of warehouses that we are paying money to maintain, and it is not like my attic.

If I were in business and had a couple of thousand warehouses where I was maintaining material that I would never use and that was costing me a lot of money to maintain, I would go at it from a business perspective, not from the perspective of an average family that has got a few things gathering dust in the attic. You do not have a few things, you have millions and millions of items that we will not use according to you, and triple that amount according to the GAO.

But I just want to focus on what you agree to just on that one item. Are we in this budget request going to add to those inventories that are already in excess and if so, how much?

Mr. SHYCOFF. In our budget request we are planning on buying in the stock fund approximately 10 percent less than we are selling. That is our estimate. Having said that, you have to understand where our inventory comes from. There is an article in this morning's Post about the SR-71. We are going to get a return of spare parts that will increase our inventory.

Senator LEVIN. My question is very precise. Is this budget request asking for money to buy items which are already in surplus that the GAO says absolutely, and what is your answer.

Mr. SHYCOFF. Absolutely not.

Senator LEVIN. You are assuring this committee that you are not buying any items this year that are already in surplus?

Mr. SHYCOFF. That is correct, Mr. Levin.

Let me try to elaborate on two points here. As I indicated earlier, we have a real fluctuating demand that goes up and down. Every 3 months we run something called the stratification which looks at the past and says what you should buy in the future. That varies dramatically.

One inventory management office that I visited recently had managed 600,000 items and 50 percent of them had a change over in a 6-month period of more than 25 percent. They go up, they go down, they go up, they go down. Each 6 months they change.

Last month, then, they bought some items. The last study said they needed to buy them. When they do the next study and run the data in 6 months, demand has gone down and now the study would say you should not have bought them. And that gets to be where the issue is because it now shows what we call due-ins that have been—that now they say you should not have bought.

But our studies of that activity show that 95 percent of what might have become inapplicable this time, we ultimately use.

Our source of inventory is not that we never buy an item that we should not have bought. Our source, our big source is the items that are coming back like the SR-71 that are going to show up as excess.

Let me respond one more time also to my attic analogy. I agree with you. If we were in an atmosphere where we can close bases because if I can get rid of that attic, then my example was not a good one. And now that we have the possibility of closing bases, I think my analogy is a terrible one because now we have to look a lot differently at the fact that it does cost us money to hold that size inventory, and I agree 100 percent.

Senator LEVIN. Thank you, Mr. Chairman.

Senator DIXON. I thank the Senator from Michigan.

Senator THURMOND.

Senator THURMOND. Thank you very much. I have a few questions, gentlemen, and if you could answer them as briefly as you can.

Mr. Shycoff, in your prepared statement under the heading Industrial Funding and Military Personnel Cost, you indicate that effective with fiscal year 1991, the Defense Department will add the military personnel costs required to run shipyards and other facilities to the operating cost. I know that Charleston Shipyard is already facing a cutback in the work force because of reduced overhauls. I am concerned that this additional, financial burden may cause further layoffs, not only at Charleston, but at other shipyards.

Could you tell me if you have analyzed what the cost of this decision would be to the shipyards and what the impact would be on the price of ship overhauls?

Mr. SHYCOFF. I do not know today, Mr. Thurmond, what the impact on the ship overhaul rates are. We have not moved those military costs in there at the expense of anything else or to replace anything else. It is part of our overall philosophy that all of the cost of running a business should be in there.

Therefore, the military who are in Charleston, working at the Charleston shipyard, for example, who have been there for as long as anybody knows, will now be considered by the commander of that shipyard and by the establishment as part of the cost. The commander of that shipyard will now have an opportunity to look at those costs in light of all the other costs and say, is this a cost I really need in terms of managing the shipyard. So, we adjusted his rates, we adjusted his budget to reflect where we are today.

Hopefully, he will make tradeoffs and look at the cost of those military, and whether he needs them as he tries to reduce his costs. He will no longer exclude those as if they were not a part of the cost of running that business.

Senator THURMOND. General Carson, I understand the importance of the maritime, prepositioning ships to the Marine Corps and its deployment plans. Your statement indicates that this year's budget provides funding to maintain this program. However, it does not show any specific funding level.

General, could you tell us what is involved in maintaining these ships and what is the funding level required for maintaining the ships and the equipment aboard the ships?

General CARSON. In maintaining the ships, each shipload goes through a biennial maintenance in Blount Island in Jacksonville, Florida. The equipment is unloaded, sampling methods used to repair and replace the equipment while the ship is in dry dock being looked at. The maintenance of equipment prepositioned in Norway is approximately \$10 million a year. I can furnish the exact figures on prepositioned program for the record.

[The information referred to follows:]

	FY 1989	FY 1990	FY 1991
<u>Maritime Prepositioning Ships (MPS)</u>			
Prep of Supplies/Equip (7SD)	7,150	7,319	7,546
Contract Maint (7SD)	18,190	18,827	19,435
FMF Maint (7SD)	-	-	-
Supplies & Equip (7IC)	6,274	11,529	13,076
Trans & Port Handling (7TT)	1,083	3,110	3,855
Container Maintenance (7LS)	-	800	800
Maint Costs (2FO)	23,699	21,200	23,055
TAVB Costs (2FO)	850	1,519	1,538
Trng Exercises (2FO)	9,990	8,116	8,499
TOTAL MPS	67,236	72,420	77,804
<u>Norway Prepositioning</u>			
Prep of Supplies/Equip (7SD)	3,072	2,180	3,279
Supplies & Equip (7IC)	5,182	4,446	4,584
Trans & Port Handling (7TT)	979	2,299	721
Container Lease (7LS)	1,800	-	-
Maint Cost/Trng (2FO)	1,393	651	715
TOTAL	12,426	10,576	9,299

Senator THURMOND. Thank you. General Robles, you indicate that in fiscal year 1991, the Army's deferred maintenance program stands at \$65 million, although this is a significant decrease from the \$421 million in fiscal year 1988, I expect that it is still large enough to impact on readiness.

General, would you tell us in what areas you have the majority of the backlog and what its impact is on readiness?

General ROBLES. Yes, sir. As you know, the reason our backlog has gone down dramatically is twofold. First, is that in fiscal year 1990, the Congress plussed us up about \$157 million to help us get our equipment backlog down substantially. We applied that money to our highest priority systems which caused our backlog to go down substantially.

In addition to that we went through a thorough scrub of requirements, given the future force structure of the Army and the future equipment needs of the Army. We started to take items off the backlog, for which there will be no requirement in the future. To follow along with Senator Levin's comment about looking at things that are "excess or over age or over mileage that we should not be repairing"; were we able to substantially drive the backlog down.

I will tell you that the current backlog that we have in the Army of \$65 million projected for fiscal year 1991, does not impact readiness. The kinds of things that are in there are equipment that we would like to repair, need to be repaired, but are of a lesser priority. Primarily, some are older aviation assets, some are older vehicle assets, and a little bit in the area of the missile world.

Senator THURMOND. General Finan, last year General Hanson, the Commander of the Air Force Logistics Command, testified that fiscal year 1990 budget fully funded the spares for the peacetime flying hours program. However, the War Reserve Material was funded at about 14 percent.

General, could you tell us what the funding levels for both the peacetime and wartime spares are for this year, and what is the impact?

General FINAN. I believe the peacetime operating support spares level is funded at 100 percent again, in the 1991 budget.

Senator THURMOND. I cannot hear you, speak into your microphone.

General FINAN. Peacetime operating support spares are funded again, at 100 percent level in fiscal year 1991 budget, sir, and the WRM level is about at the 26 percent level. And, we feel this is sufficient to maintain our op-tempo and continue with the readiness of the Air Force, although we certainly are concerned about sustainability if we continue funding at this level. Given the fiscal realities of balancing modernization, readiness and sustainability, we feel it is the best we can do within the given, fiscal constraints.

Senator THURMOND. Admiral Walsh, I am concerned that the deterioration of our base infrastructure will become a major financial burden in the coming years. Therefore, I applaud the Navy's decision to make a one-time funding increase for the maintenance of real property.

Admiral, could you tell us what the Navy's total backlog of critical maintenance and repair funding is for fiscal year 1991?

Admiral WALSH. I could get the number precisely for the record, sir, but it is about \$1 billion.

Senator THURMOND. That would be all right if you supplied it for the record.

[The information follows:]

The Operation and Maintenance, Navy Backlog of Maintenance and Repair (BMAR) for fiscal year 1991 is \$1.457 billion.

Senator THURMOND. Mr. Chairman, I have other questions for each of these gentlemen, but to save time, I will let them answer for the record.

Senator DIXON. I thank the distinguished senior Senator from South Carolina. Senator Shelby?

Senator SHELBY. Thank you, Mr. Chairman. I would like to focus a few minutes in the area of test and evaluation. It is my understanding that as a result of the Defense Management Review, the Department of Defense is considering the consolidation of R&D test and evaluation facilities.

It seems to this Senator that this action runs contrary to the Department of Defense's recent desires to enhance the productivity of labs. On the one hand, if this were to happen, it seems that DOD wants to give labs greater freedom while they are taking away something that is essential, their test capability. It does not make sense to me. Early and frequent testing is a key element in the development of any weapon system, as we have seen, because of all the cost overruns. I am not sure it would save you money in the long run. Mr. Shycoff?

Mr. SHYCOFF. Mr. Shelby, again, as part of the way we are looking at all of those consolidation studies and the other items we are looking at under the Defense Management Review, we are looking at ways to get the job done without reducing how well we do the job and if at all possible, improving that.

Again, no decision has been made on that particular one yet. We have teams out there that are examining those issues to see if there are some things we can do to reduce the overhead, to reduce duplication, again, not to reduce the level of testing.

This is not a look at whether or not we should do more testing—do less testing, not that we should do testing not as well as we have done. In fact, we should do it better, but to see whether we have duplication out there, to see if we can restructure in a way so that we can reduce the overhead costs and the duplication costs.

Senator SHELBY. Are you familiar that the Comptroller General testified before the committee last week and was basically saying that we need more effective test and evaluations of all weapon systems?

Mr. SHYCOFF. I personally am not familiar with that one, Senator, but again—

Senator SHELBY. Would you agree with the basic premise, that we have had inadequate testing of a lot of weapon systems?

Mr. SHYCOFF. I am really not in a position to say, but I would say that I want to assure the Senator that I look at all of these studies with the idea that that is one of the criteria. It is not a way to reduce the level of testing or the quality of testing. If that is a problem, part of it will be to say, can we do a better job by realigning the way we are doing it.

Senator SHELBY. Would you say that testing is a critical development factor in all weapon systems?

Mr. SHYCOFF. Absolutely.

Senator SHELBY. How are we going to do that if we take away the labs, who develop these weapon system's, ability to test as they go along? Isn't that a factor that you need to consider?

Mr. SHYCOFF. Absolutely, and again, I would see nothing or envision nothing that is going on that would eliminate the expertise, eliminate the experts, eliminate the people who have that responsibility. Hopefully, we can reduce the overhead structure right across our entire infrastructure in the Department, but not the doers themselves.

Senator SHELBY. But you are not going to do anything precipitously, are you?

Mr. SHYCOFF. Absolutely not.

Senator SHELBY. Thank you, Mr. Chairman.

Senator DIXON. I thank the distinguished Senator from Alabama. Gentlemen, the Chairman of the committee has been in the room and is taking a phone call, but will be back and I am sure he may have some questions. In the meantime, let me ask General Finan, and General Robles, it applies to you as well, and it is along the same lines as that recruiting question from before.

On page 166 of the Operation and Maintenance Overview, you show, the two of you, that the Army and the Air Force will be training more new officers in fiscal year 1991 than in fiscal year 1990. Why are you increasing your new officer training in fiscal year 1991 when the size of your force is coming down and much larger reductions are forecast for the future? Aren't we going to have the same problem that we have had in the past, a disproportionate number of officers to other personnel?

General FINAN. If I might try to address that from an Air Force standpoint, sir. What we are looking at in officer end strength is that for the Air Force we will actually be dropping our end strength, going from 1990 to 1991. It goes from about 100,000 officers down to about 98,750 officers.

Senator DIXON. To what?

General FINAN. To about 98,750. We are actually coming down about 1,500 officer end strengths. The problem is the way we recruit and assess officers is based on a fact of looking at the total losses, netting out against gains and then projecting what we have to recruit as a result of that. So, although we are dropping end strength, we still need to go ahead and recruit approximately 1,300 more officers, and bring them on board because of the losses. When we net out the gains and the losses, even with the additional 1,300 officers coming on board, we get a net end strength drop of 1,500 in officers.

So, you are perfectly right. The number of officers on board are coming down, but the losses are more than offsetting the gains, and we have to increase the number we are bringing on board. It is much like we see in the recruiting side.

General ROBLES. Mr. Chairman, I apologize. Obviously, in the printing there was an error on that page. That page is not correct. The number, instead of reading 66,926 should read about 61,000, and it does show a real decrease. And, the second thing I will note is that we corrected that in our detailed justification materials that came to Congress. Our detailed justification materials will show 25,000 training loads reduced over the 1990 level and a coinciding

\$22 million reduction for those training loads, so we in fact are showing a downward ramp.

Senator DIXON. Thank you for clarifying that, General Robles. We appreciate it. My staff has duly noted it. May I say to both of you, and I do not mean to be argumentative, my distinguished chairman is back and I am going to yield to him immediately. But, I want to say to you both that this subcommittee will look very carefully at this question of a request for additional recruiting money and a request for additional money over last year's level for training officers. I believe that all of us will question whether that is appropriate at a time when force levels are going to dramatically drop. But perhaps you can justify it to staff. We are not trying to be mean spirited about this, we just like things to make a little sense around here. When the numbers are going down, I think the tax payers would like to hope that the money we spend to train officers and to recruit people would go down.

I am delighted to see the distinguished Chairman, the senior Senator from Georgia here, and I yield to Senator Nunn.

Senator NUNN. Thank you, Mr. Chairman. I want to ask a few followup questions to see if I can get some understanding of this huge number that we have heard about from the General Accounting Office of \$34 billion, and I suppose the word now is inapplicable inventory. Is that the right term?

Mr. SHYCOFF. That is the right term, Senator Nunn.

Senator NUNN. Could you tell us what, for my purposes, and I hate to repeat this, but I think it is something I want to get in my mind, because I get a lot of questions on it. What is inapplicable inventory?

Mr. SHYCOFF. It is items that are beyond what we would buy during the budget year. For example, if I were selling 10 a year and I had 20 in stock, then 10 would be inapplicable. It means I will not need them until beyond the budget year. It could also mean I might never need them, but it includes items that are just not required.

Senator NUNN. You do not need them during the budget year?

Mr. SHYCOFF. I do not need them during a budget year. It is a calculation we go through to arrive at our budget requirement.

Senator NUNN. Is there another category that basically would describe inventory that you will never need?

Mr. SHYCOFF. Excess. It is a part of the inapplicable inventory, but it would be that part of it that is excess to our needs, which is about \$9½ billion.

Senator NUNN. So the term inapplicable inventory means what you do not need during fiscal year 1991 for the purposes of our discussion now?

Mr. SHYCOFF. That is correct.

Senator NUNN. The term excess means you have inventory that you never need?

Mr. SHYCOFF. That is correct.

Senator NUNN. Now, of the \$34 billion the General Accounting Office identified, can you tell me from their numbers, not your numbers now, how much of that was inapplicable and how much of it was excess from their point of view, not your point of view? That is the second question, your point of view.

Mr. SHYCOFF. Well, all of the \$34 billion is inapplicable. Of the inapplicable, we would say \$9.5 billion is excess.

Senator NUNN. Is that what they say or what you say?

Mr. SHYCOFF. I would say that is what we say, but I would say they are using our numbers.

Senator NUNN. So, you are saying about \$10 billion is excess of the \$34 billion?

Mr. SHYCOFF. That is correct.

Senator NUNN. And about \$24 billion is inapplicable or does excess include inapplicable?

Mr. SHYCOFF. The \$24 billion, we think, our studies would indicate there is a likelihood of a future need beyond the budget year.

Senator NUNN. Okay, let's take the \$10 billion. Now, you have \$10 billion of excess inventory, and that is being stored, presumably, all over the place.

Mr. SHYCOFF. That is correct.

Senator NUNN. Tell me what you are planning to do with that \$10 billion of goods, what are you going to do with it, what are your plans?

Mr. SHYCOFF. In the past, we have been extremely cautious about disposing of it for two reasons. One, things that we believe are excess we sometimes still get hits on. These are statistical studies. Second, in the absence of being able to close bases in the past, the cost of maintaining it was not that significant. It was sitting in a locked warehouse or sitting in a warehouse somewhere.

Senator NUNN. Meaning where it is stored is also excess?

Mr. SHYCOFF. As you saw from the Secretary's indication of the items we are going to study, there was a likelihood and there is a possibility that we can reduce the number of warehouse complexes we have.

Senator NUNN. Is that a heavy part of what the Secretary has identified for base closure, warehouse type base?

Mr. SHYCOFF. There were a couple on their list, yes, sir.

Senator NUNN. I did not get the impression that that was the main criteria or even one of the important criteria for base closing.

Mr. SHYCOFF. It was not one, necessarily one, per se, but the services had identified those on the list, and I would say that we have not in the past faced up to that. I do not think a decision has been made yet on the disposal.

Senator NUNN. Do you now believe you should go back and look and see, if you are going to get rid of this \$10 billion of excess inventory, whether there are more bases that can be closed along with it?

Mr. SHYCOFF. I would say that we are going to close, that we are going to be more aggressive in reducing inventory, and I think that might lead us to some opportunities in the future to identify those warehouses to be closed.

Senator NUNN. One more question on the \$10 billion. Is this wasted money, in terms of we are not going to get anything out of it now, or are we going to be able to sell it for some amount of money?

Mr. SHYCOFF. We attempt to sell it. We attempt to reutilize it. According to law, in some cases, there are different State charities and State governments that can apply for it. We get proceeds of

between \$100 and \$150 million a year from our disposal sales, so we do try to sell it through the defense reutilization market source.

Senator NUNN. Based on your plans now, do you think this particular \$10 billion, and I know there are additional added to it as we go along, but do you think that 2 years from now we will have disposed of all of this \$10 billion? What can we tell our constituents who say, when are you going to get rid of that excess?

Mr. SHYCOFF. I would like to supply for the record, but I do not believe we have the capability. I do not think we have the numbers of people in the reutilization and marketing service today, with the some 2,500 people who are there who could dispose of that kind of volume over a 2 year period and protect the Government's interest.

Senator NUNN. Do you have a time frame? Can you furnish for the record what you plan to do with that \$10 billion and when you plan to do it?

Mr. SHYCOFF. I would be happy to.

[The information follows:]

The Department plans to transfer \$2.1 billion of stock funded items to disposal in 1991. That is a \$300 million increase above 1989 but it may be sensible to transfer more than that.

There are constraints on disposing of potential excess. The disposal system has a limited capacity based on workload, which has been relatively low the last 5 years. There is a cost to DOD to dispose of items. Our costs to retain potential excess are lower than the average cost to hold inventory in that some potential excess may be stored in outside storage and there is relatively little handling cost for the items we are not issuing, receiving or shipping. Another obvious cost of retaining inventory is the accusation of mismanagement and waste. The benefit of retaining inventory is realized when it is used for a need that was not anticipated when the applicability test was applied. That type of use meets a military requirement without additional procurement cost. Additionally, DOD budgets are forwarded after existing applicable inventory has been applied to offset the requirements and, again, applicability is reviewed at least twice annually and changes are made, sometimes dramatically, based on demand.

Not all of the inventory that stratifies as potential excess in any year turns out to be excess inventory. Some potential excess becomes usable because requirements change as DOD executes its program. Examples of this include the Titan missile spare parts that were categorized as potential excess until the space shuttle Challenger crashed, at which point they became very valuable and applicable inventory.

Senator NUNN. My other question is on the \$24 billion. How carefully have you analyzed the \$24 billion of what you now call inapplicable inventory? Do you believe there is a lot of that \$24 billion that might also be excess?

Mr. SHYCOFF. Senator, there are about 5 million items in inventory that are managed all over the country, each item managed by an individual who has in effect put those into those categories, constantly changing categories as our demand changes.

For example, as I indicated to you earlier, as of this morning, with the SR-71—

Senator NUNN. You have \$1 billion of excess inventory.

Mr. SHYCOFF. We have got some other things in excess.

Senator NUNN. Is that already in this \$24 billion, or is that additional?

Mr. SHYCOFF. That would now become—

Senator NUNN. Part of the 10, or part of the 24?

Mr. SHYCOFF. It would become part of both. It would take awhile for the system to show it. Again, we have a system that looks at the past and makes projections for the future. Our supply system

basically says, I have been selling 10 a month. I have been selling so much of these parts that are managed, bits and pieces all over the place, that says this is what I expect to sell in the future. It will take awhile before that—just to explain how the system works.

Senator NUNN. Well now, you know about this \$1 billion extra. You ought to be able to accelerate the system on one like that, should you not? Cannot someone in your position say hey, let us plug this in now and see what we are going to do with it? Do you have to wait until the whole bureaucratic system churns it up 2 years from now and your successor in office can come in and report it?

Mr. SHYCOFF. I hope not, but truthfully, given the complexity of the data systems—I do not know how many items we are talking about—where they are managed, managed all over the country, whether or not they are identified—we are talking about a very large supply system, Senator.

Senator NUNN. Well, again, what are your plans for the \$24 billion? Can you furnish those for the record?

Mr. SHYCOFF. Yes. Our plan, of course, for the \$24 billion, Senator, would be that—every 3 months we run what is known as a stratification. The next time we run it, some of that \$24 billion which was not applicable will be applicable.

I had one activity do a recent run for me and take a look at what happened over a period of time, and said of the items that become inapplicable in a year, what happened to them? Over a 4-year period, 95 percent of them are used.

[Additional information follows:]

The Department plans to retain and use, where possible, the inventory that is categorized as economic, contingency, and numeric retention stock. There is value in this material and the plan is to retain it to fill future needs.

Senator NUNN. So they may very well be needed down the road.

Mr. SHYCOFF. They may very well. I should also point out we very specifically—

Senator NUNN. You might need them 2 years from now, or 3 years from now. You might not need them next year.

Mr. SHYCOFF. That is right, and in other cases we specifically buy—one of the items in the audit report of GAO, we specifically bought 20 years worth when the manufacturer said I will no longer make these any more, I am going out of this business, and we have what is known as a life-type buy. The day we bought it, 19 years' worth of it was inapplicable. They are issuing 3,000 a year, and it appears to be right in tune that they made the right decision. But the day we bought it, 19 years' worth were inapplicable, so we have to be careful how we use that term.

Senator NUNN. Let me ask one final question. We have a budget over here this year, and everybody is expecting the budget to be cut, and everybody is looking for ways to cut it and so forth. How will Senator Dixon know, and how will we know in the full committee, that we are not continuing to make errors here in what you are requesting this year? What is it that assures us that we are not putting more money into things that are going to be excess?

Mr. SHYCOFF. We have done two things in the budget: we have, one, reduced the level of buying in the stock fund both in fiscal

year 1990 and fiscal year 1991—the stock fund is where we buy most of our parts—to 90 percent of what we think sales will be. In other words, in an attempt to drive down that part of the inventory that is coming from what we pay for.

Second, we made some significant changes in policy and management in part of the Defense Management Corps, in terms of the way we manage the supply system. The most significant thing we have to do is reduce the lead times.

We have to provide more visibility in management. The problem is that our managers out there with the 5 million parts and the data system do not have all the visibility they need. I cannot sit here and assure you that somebody will not buy an item that is not needed, because we do not have all of the visibility that we have to get. We have to make those improvements in our data system.

I would also point out, we spend approximately \$5 billion a year on modifications. Every modification carries with it an increase in inapplicable costs for the item that has been replaced. I think the part that is most disturbing about the representations of this inapplicable inventory is that we are out there buying the wrong thing. For the most part, it is not because we bought the wrong thing. We bought an item that was needed.

Two battleships come out of the force, our inapplicable inventory has gone up. But while those battleships were in the force, we needed that inventory. We needed those spare parts. And they will send them back. We will not only have what we had in the inventory supporting those battleships become inapplicable, we will have the items that were on board the battleships come back and increase the inapplicable category.

I think the point is, sure we make mistakes in buying 5 million items a year as demand changes, as the frequency of what our customers demand changes, but the assumption that \$24 billion reflects \$24 billion of bad buys is just not a correct assumption.

Senator NUNN. Of course, \$10 billion is bad enough.

Mr. SHYCOFF. In fact, assuming \$10 billion is bad is not a correct assumption, either. Those items were once needed. One of these days, the items on the SR-71 are going to be termed excess. Again, it did not mean that we bought the wrong items, but as systems—as we replace weapon systems, the items we have in the supply system become inapplicable, the items that the ships carry with them, that the squadrons carry with them, that the battalions carry with them, they ship back to the supply system and after a period of time they become excess.

Senator NUNN. I am sure some of it is unavoidable, but someone projects the useful life of equipment, it may not be the inventory management that is the problem. It may be whoever is telling you that we are going to have this item flying for the next 20 years and you need to buy 20 years' worth of parts for it.

I am not saying all those people who are managing inventory are wrong. Someone up above gives you the assumptions on which you have to operate, but somehow or another the system has got to be managed more efficiently than it is now.

Most businesses are trying their best to go on an inventory system that requires very little inventory, and you order it as you need it. Now, I know the military is different because you have

unique things, but right now the Japanese have mastered that system of less inventory. There certainly seems to me, in this \$24 billion and the \$10 billion, to be some room for some very significant improvements.

Are you satisfied that we have up-dated management systems, or do you think we need dramatic changes in the way we handle it?

Mr. SHYCOFF. Oh, I think we need dramatic changes in that. I agree with you that we can do much better. I would not want to imply by my answers that everything is perfect. What we need are two things, one of them consistent with what you have said, is a significant reduction in lead times so we do not have to put it in inventory to begin with. The lead times drive inventory. We need to significantly reduce the time it takes us to buy, the administrative processes that we go through, and we have to do things with the manufacturing side to reduce the lead times in terms of the way we buy things.

Second, we have to make some significant investments in our data systems to provide that visibility. We have 5 million items that we are managing, and it is the handling of those data—we are talking just tremendous amounts of data.

The problem is that our inventory managers for the most part lose visibility of an item once it leaves their warehouse. They do not know what is out on the ships. They do not know what is out in the dealer's hands, if you would use a counterpart of the private sector. So it is not only the problem of what comes back, but some of the things we are trying to do is change our data system to give them that kind of visibility.

I wish I could say it was going to happen tomorrow. Unfortunately, it is not. But the technology that is there today will allow us to do those kinds of things. In the Defense Management Review we have over \$10 billion worth of savings identified, as we try to get at these things.

It is not only the \$24 billion, it is the fact that we spend about \$30 billion a year. That is the significant number. How can we reduce that expenditure? Because if we reduce lead times we can significantly reduce the amount we have to carry and it lowers the vulnerability we have.

When you have a 3-year lead time you are just hanging out there subject to change, and this changes quite a bit. As I mentioned before you came in, in traveling recently to one of our inventory managers, who manages 600,000 items, on 300,000 of them, the demand changed by more than 25 percent up or down over a 6-month period—from 6 months to 6 months. This was a study done over a number of years, that they had that kind of volatility in demand.

When you have a system that is entirely based on looking at the past to predict the future, you are vulnerable to buying the wrong thing. You are vulnerable to having ups and downs in your inventory. We have to give the managers better data. We have to give them something else beside being able to look at what I sold last month, and that is part of the significant investment that is in the budget in ADP.

Senator NUNN. Let me ask each of the service representatives here to tell us what you personally plan to do in your command to address this problem?

General ROBLES. Sir, I will start off from the Army perspective. As part of the Defense Management Review initiatives we are undertaking a program called the Strategic Logistics Program, which is a program which will in fact give us inventory visibility.

We are trying to come up with a supply system between the retail and wholesale level, using our existing automation. This will give us inventory visibility so we can, in fact, cut down the stock-age of inventory, and have more of a just in time sort of inventory management system. We are starting to test that out.

We have an inventory supply system prototype working, and we are going to work hard to solve this problem. We are part of the bigger Defense problem, and we understand the implications of this.

Senator NUNN. Thank you. Admiral?

Admiral WALSH. Mr. Chairman, we have about a third of our total inventory, \$11 billion of \$32 billion, technically stratified as inapplicable. Of that, over half are repairables that are in a non-ready-for-issue status. That is, we have used these items and repaired them, sometimes as much as 10 times. There is no longer a demand on these items, and rather than repairing and bringing them back to a Ready For Issue (RFI) status, we are leaving them that way.

About 65 percent of our inapplicable inventory supports foreign military sales, the mothball fleet, and that fluctuating inventory. Within that category as part of the Defense Management Review we are looking at providing our foreign military sales customers the option of buying the stock outright or disposing of it, and we are reviewing it category by category.

For example, the 1040 class frigates which we took out of our inventory last year, a number of them are currently in the Pakistani Navy. They are leased from the U.S. Navy. We still support, from a logistics point of view, those ships. The Government of Pakistan pays us for the spare parts that they use, but we keep in our inventory the support items for those ships.

Likewise, the RF-4s used by the Royal Air Force are the Navy model of the F-4. We will provide the Royal Air Force the opportunity to either buy some of those parts if they want them, or we will get rid of them.

Of the remaining inapplicable stock that we currently have on-board, two-thirds of that—almost 65 percent—are repairable items that came off of aircraft or ships as a result of modernization or modification.

For example, starting in 1981 we found out that the brakes on the F-14 fighter were made of beryllium, which causes cancer, so we had to replace the brakes with a noncancer-causing component. This is a hazardous waste problem which we are currently carrying in inventory, and we are looking at ways to dispose of this item properly.

Of the entire \$11 billion which is inapplicable stock, \$3.8 billion may be considered truly excess to our needs. Of that amount, approximately \$1.4 billion is for repairables that we bought for stock,

to support systems that are now obsolete. These spares have served the purpose for which they were purchased and we have used them as much as 10 or 12 times. We have a pilot program which we are doing for DOD and we are looking at reducing our total inventory by about \$3 billion over the next 6 months.

Senator NUNN. Thank you. General Carson?

General CARSON. We in the Marine Corps got out of the spare parts—consumable spare parts business some years ago. Our logistics base at Albany manages the principal end items and depot repairables, and we were not in these studies identified as having any excesses.

Excess consumable repair parts that may—and I would not be so naive to know that they do not occur out in the Fleet Marine Forces—are reported and returned to the cognizant integrated manager, be it DLA, the Army, the Air Force or the Navy, sometimes for credit, sometimes without credit, but that manager makes the call.

Senator NUNN. Thank you. General Finan?

General FINAN. Sir, in the Air Force we have about \$13 billion which the GAO would categorize as inapplicable. We in the Air Force really like to call that "long supply items," rather than inapplicable, for the very reasons that have been discussed already. Simply that the bulk of that is long supply, bought in economic ordering quantities, being held for future use, foreign military sales, or for a variety of purposes.

When we went ahead and looked at the stratification within the Air Force, of the \$13 billion that GAO calls inapplicable, we found out that only \$1.2 was actually what would be called excess, and that amounts to about 3 percent of total inventory, and I understand that Sears just testified over here a couple of days ago and indicated that 3 percent was about what they carried in corporate America, so I do not think it is out of line. I think that is important to have that area clarified, that really it is not all excess. It is being held for valid purposes.

Like the Navy, within the Air Force almost 60 percent of our long supply, our items have been used many times and they are repairable, serviceable-type things that are now being held.

Senator NUNN. You are saying that is used equipment?

General FINAN. Yes, sir, and as far as what we are doing to better manage, we have an extensive logistics modernization system on-going within the Air Force covering the gamut from warehousing, supply inventory control, supply requirements, inventory management, and these are now coming on line and we hope it is going to make our inventory control and management even better than it has been in the past.

Senator NUNN. Thank you, Mr. Chairman.

Senator DIXON. I thank the Chair. Gentlemen, you have been very cooperative and helpful. We will have a good number of follow-up questions on many of the things that we orally inquired about, including those increased funds for recruiting, officer training and other things, and Mr. Shycoff, we will pursue at the staff level with your folks this question of this excess inventory.

I do not know if the Chair was here when I heard your testimony about the request for a fresh \$1 billion for the revolving fund. We

would like to explore, as much as we can, whether there are ways of raising some of that money through other methods. The Senator from Michigan suggested that with reference to your attic, you might have a garage sale.

In any event, on a serious vein in closing, would you just simplistically tell me—either you, Mr. Shycoff, or whoever can—the new account called Drug Interdiction and Counter-drug Activities—is this part of that classified, incidentally, or can I know in at least a large-brush idea, what that account constitutes, what you are doing with that money?

Mr. SHYCOFF. Again, sir, it is not classified, Mr. Chairman. It is an attempt to increase visibility of all of the costs that we are incurring related to our interdiction, our support of the President's—

Senator DIXON. You are going to put that in a separate account, now, so that Congress can look at it and see what you are doing with that money. Just give me some large items there. If I was going to go back home to a town hall meeting and say, okay, now we have this drug interdiction and counter-drug activity account—the Chairman of this committee and the subcommittee chairman have fought for years to get this, so that we can have interdiction by the military forces of our country. Tell me what you are doing there.

Mr. SHYCOFF. We are looking at testing, we are looking at what we do in terms of increased detection and monitoring, the kinds of efforts that would be going on there supporting the intelligence community. We will include procurement of some satellite equipment, communications equipment. I can provide a whole detailed shopping list of what that breakdown is for the record. We will be buying some equipment for the National Guard, as we have in the past. That would be some of the examples. Maybe my fellow witnesses here would like to—

Senator DIXON. Obviously the historic role was the Coast Guard role, and then there was the question of what part could the Navy now play, and the question of the rights of individuals and things like that were part and parcel of that. Admiral Walsh, what new role will the Navy play in drug interdiction under this program that will be identified?

Admiral WALSH. In fiscal year 1991 we will have almost 5,000 shipsteaming days dedicated to drug interdiction. We will have about 40,000 flying hours between the Atlantic and the Pacific fleet for drug interdiction. We have identified a portion of our normal training op-tempo.

Senator DIXON. Our normal what?

Admiral WALSH. Our normal operating tempo—steaming days and flying hours, we have said how much of this we are going to use in support of drug interdiction efforts. OSD has moved those funds to the drug interdiction account. When we get into execution, the funds will come back to us and that piece of it will be used in the drug interdiction effort.

Senator DIXON. Do you train in a special way officers and personnel that are doing this kind of thing?

Admiral WALSH. A lot of what you do in drug interdiction operations is the normal thing that we do every day, such as air sur-

veillance, for the carrier battle groups, surface surveillance, both from the air and sea. We do a lot of interdiction type operations, such as air intercept patrol.

A lot of our drug interdiction effort is a basic warfare skill required in any warfare scenario, which is why we are able to do it as part of our normal operating tempo.

Senator DIXON. Do you think this is going to make a significant difference, the additional involvement of the Navy in this interdiction phase of what we do?

Admiral WALSH. Well, the CINCs have identified their requirements. From a budget point of view we are trying to support those requirements but I am not in a position to say that from a budget point of view that this is what it ought to do. That is really the CINCs job.

Senator DIXON. Have we ever resolved the question—I remember the debates and the rollcall votes, Mr. Chairman, on the question of shooting down airplanes, and other things, but have we ever determined now at your level in the Navy what your instructions are to you naval pilots in that kind of situation in interdiction?

Admiral WALSH. Again, sir, that is a little bit out of my bailiwick. The CINCs really deal with that more than I do.

Senator NUNN. You say "Halt."

Senator DIXON. Then they stop right there. Does anybody else want to add anything to the intelligence of the Chairman? What about interdiction in the other forces? How about in the Army?

General ROBLES. Sir, we, like the Navy, participate fully. In fact this is an integrated effort. As you know, we have a joint task force along the Southwest border that does drug interdictions. In the Army, we basically have two pieces—in 1991, totaling about \$53 million.

About \$43 million supports a drug testing effort for both the accession testing and in-service testing, and education for family members who need rehabilitation, et cetera. The piece that is training related is about \$10 million of our operating tempo dollars and flying hour dollars. These funds support aerial observation, radar observation and other miscellaneous operations in an integrated joint fashion. These efforts, provided for an all-inclusive—integrated program.

Senator DIXON. General Carson?

General CARSON. We have Marine aviation with the Navy in support of the program, and we also have Marine infantry and recon down on the Southwest border with the joint force.

Senator DIXON. Very good. General Finan?

General FINAN. We in the Air Force use AWACS for some surveillance detection as well as some F-15, F-16 op-tempo hours, training hours, much like the Navy, and we get involved with the Aerostat detection systems, also, sir.

Senator DIXON. Very good. I want to thank all of you gentlemen for your forthrightness here this morning, your accommodation of the subcommittee, and as I indicated previously, the staff will be following up fairly assiduously on some of these details. We thank you for your presence here this morning, and this meeting is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

COMPUTER SYSTEMS

Senator THURMOND. Mr. Shycoff, last week the Comptroller General indicated that development of the Defense Department's automation information systems "showed a disturbing pattern of cost growth, schedule delays and performance shortfalls." In your statement you indicate that the Department is spending approximately \$4 billion to develop new computer systems.

What steps is the Defense Department taking to ensure none of the problems identified by the GAO occur on this \$4 billion project?

Mr. SHYCOFF. DOD's \$4 billion in ADP development costs for fiscal year 1991 covers all development costs for all DOD ADP systems. Among these are the large AIS programs that are reviewed by the Department's Major Automated Information Systems Review Committee. Included as development costs are ADP system changes that are necessary to keep the systems up-to-date, such as revisions to payroll systems to account for changes in civilian pay rates.

The Department has undertaken a Corporate Information Management (CIM) initiative to improve the standardization, quality, and consistency of data from DOD's multiple management information systems. In the past, GAO, congressional reports, and our analysis have indicated that most of the problems we experienced can be traced back to the early planning stages. Our initiative is particularly focused on the critical management and requirements issues which must surface in the early stages of an information system's developmental process. We intend to simplify our business practices in our functional areas, as the basis for consolidation and definition of our functional requirements. We feel that this approach should provide us the ability to control essential management requirements and to avoid a plethora of technically-driven requirements.

As we proceed through the initiative, we will continue to follow our life cycle management policies and procedures. We have further strengthened these policies and published an instruction and a manual to improve the components' ability to follow them. We have also begun an upgraded educational program through the National Defense University's Information Resources Management College to improve the skills of our AIS program managers.

OPERATION AND MAINTENANCE

Senator THURMOND. The fiscal year 1991 request for the Operation and Maintenance Account is \$90.1 billion which reflects about 2 percent real growth. Although I applaud this increase, I expect that the real requirement was much higher. Could you tell the committee, what the total request from the services was for Operation and Maintenance programs?

Mr. SHYCOFF. The total O&M request from the services for fiscal year 1991 was \$95.5 billion. The \$5.4 billion difference is the O&M portion of the \$22.4 billion reduction made by the Department from the submission of the Revised Fiscal Year 1991 Budget by President Bush last April.

SHIP OVERHAUL

Senator THURMOND. Admiral Walsh, I notice in your prepared statement you indicate that in fiscal year 1991, 2 hulls are backlogged due to lack of repair funding. What is the impact of this backlog on the operational readiness of the fleet and is the Navy building up a backlog in ship repairs that may cause a bow-wave effect in the out years?

Admiral WALSH. The Fiscal Year 1991 President's Budget reflects two hulls backlogged due to lack of repair funding, including one reclassified Depot Modernization Period (DMP). These backlogs are termed manageable in order to recognize that, although the engineering operating cycle calls for overhaul induction in the last months of a fiscal year, there are no insurmountable obstacles to deferring the induction several weeks (into the next fiscal year) so as to delay the funding into the following fiscal year. DON considers the fiscal year 1991 backlog created in this manner to be an acceptable level of risk. The Navy is currently reviewing funding controls and maintenance requirements for the outyears.

FISCAL YEAR 1991 OPERATION AND MAINTENANCE, ARMY

Senator THURMOND. General Robles, your prepared statement indicates that the Army's backlog in maintenance and repair for fiscal year 1991 is expected to climb to \$3.255 billion an increase of approximately \$2.0 billion since fiscal year 1985. If

the trend continues, I expect that it will have serious repercussions on the Army's readiness.

What impact will the proposed base closings and our European troop reductions have on this backlog? What internal initiatives has the Army taken to reverse this trend?

General ROBLES. The backlog associated with base closure and realignment actions is approximately \$27 million and is incorporated in the fiscal year 1991 estimate. We also removed approximately \$95 million in maintenance and repair projects from the fiscal year 1991 estimate that were 4 years old in accordance with congressional direction. As for European troop reductions, there will be a significant reduction to the backlog since over 50 percent of the Army's backlog is in Europe. The exact figures will not be available until actual troop reduction numbers are finalized later this year. However, the maintenance and repair funds earmarked for Europe in this budget will be applied against facilities that we will continue to maintain in the future.

We are presently strengthening policy guidance to lower the denominator in the facility maintenance equation by placing primary emphasis on the consolidation and/or demolition of facilities. We will also delete projects from the backlog in light of current troop reductions. The Army Audit Agency is just starting a comprehensive audit on maintenance and repair procedures to ensure that the backlog figures reflect valid requirements and we have established an Army study group to perform an in depth review of how annual recurring requirements are developed. These actions coupled with the \$437 million request in this budget will enable the Army to curb the spiralling growth in the maintenance and repair backlog experienced in the last several years.

BASE OPERATIONS AND REAL PROPERTY MAINTENANCE

Senator THURMOND. General Finan, in your prepared statement you do not provide a cost figure of your backlog in Real Property Maintenance. Could you provide the subcommittee that number and what the trend has been since fiscal year 1985.

General FINAN. The projected backlog of Real Property Maintenance (BMAR) for the end of fiscal year 1991 is \$1,576 million, an 18 percent increase over the projected fiscal year 1990. Since fiscal year 1985, BMAR has grown each year except for fiscal year 1987 as depicted below:

Fiscal Year	85	86	87	88	89	90	91
BMAR (\$M)	684	788	680	869	1,040	1,336	1,576

Due to constrained budgets, Real Property Maintenance funding has not met the annual recurring requirement (except for fiscal year 1987). This results in a growing backlog with accelerated facility deterioration. However, the Air Force decided that this was the proper funding level to achieve the necessary balance between its competing priority requirements.

OPERATION AND MAINTENANCE, MARINE CORPS

Senator THURMOND. Lieutenant General Carson, in your statement you indicate that your maintenance of real property backlog for fiscal year 1991 has increased, but that the total backlog represents only 4.1 percent of the value of the Marine Corps facilities.

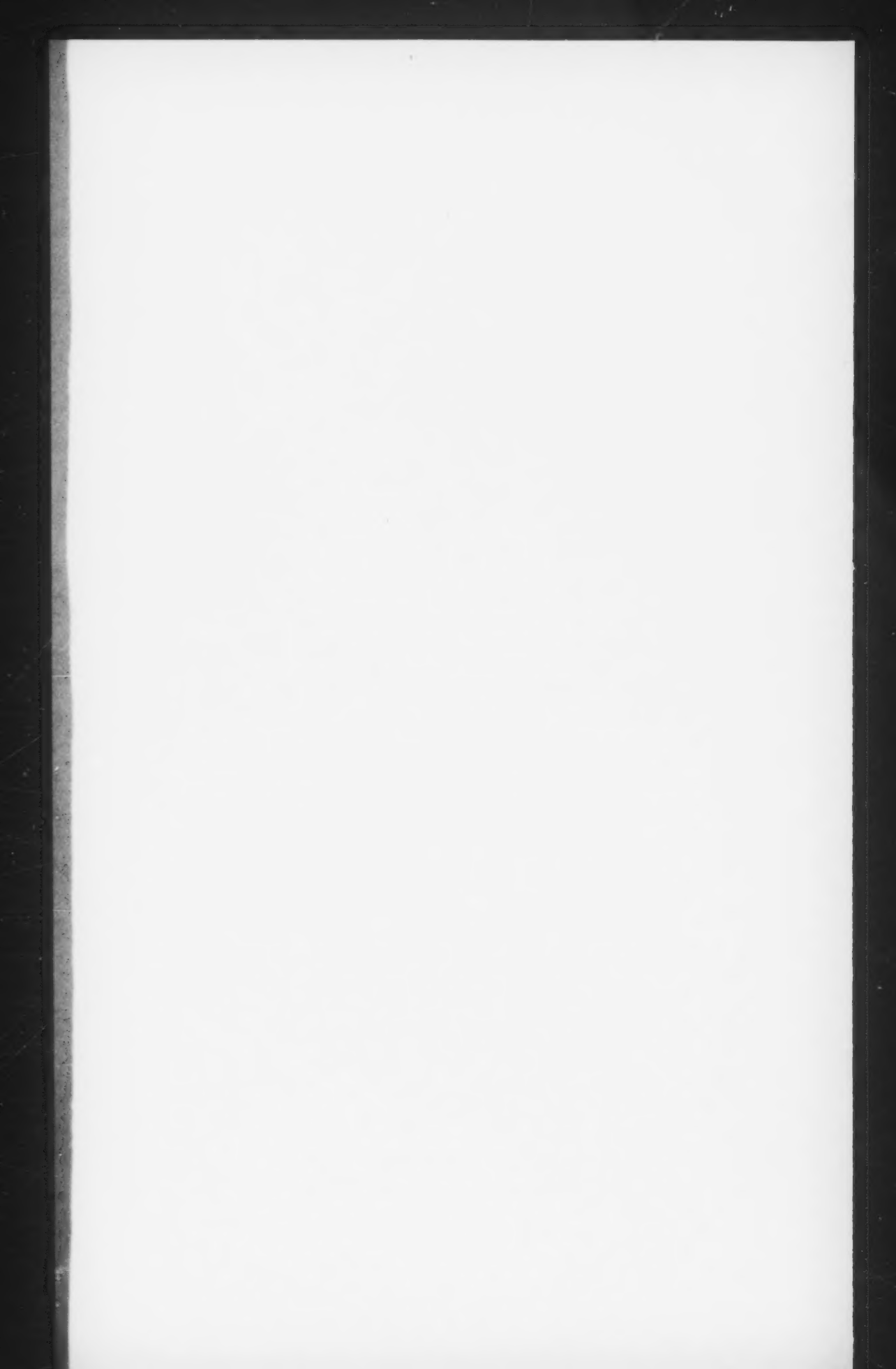
My question to you is what does the 4.1 percent equate to in dollars and do you have any idea of what a civilian corporation carries in deferred facilities repair?

General CARSON. The 4.1 percent in fiscal year 1991 equates to a backlog of maintenance and repair of \$550 million.

According to a DOD study completed in fiscal year 1989, "Renewing the Built Environment", the private sector does not track deferred maintenance. Projects that are not funded during the current year compete with all other requirements the following year. The process in the private sector, zero based budgeting, does not equate to DOD practices.

Recent facilities investment studies performed at universities and by DOD indicate that between 1.5 and 4 percent of plant value should be spent on Maintenance of Real Property. The Marine Corps will spend 2.1 percent, \$282 million, in fiscal year 1991. We feel this will adequately protect our facilities investment.

[Whereupon, the subcommittee adjourned at 11:35 a.m.]



DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

THURSDAY, MARCH 22, 1990

U.S. SENATE,
SUBCOMMITTEE ON READINESS,
SUSTAINABILITY AND SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

DEPARTMENT OF DEFENSE AUTHORIZATION REQUEST

The subcommittee met, pursuant to notice, at 2:02 p.m., in room SR-222, Russell Senate Office Building, Senator Alan J. Dixon (chairman of the subcommittee), presiding.

Committee members present: Senators Dixon, Levin, Shelby, and Thurmond.

Professional staff members present: Robert E. Bayer and David S. Lyles.

Minority staff members present: Ronald P. Kelly and George W. Lauffer, professional staff members.

Staff assistant present: Mary J. Kampo.

Committee members' assistants present: Charles C. Smith, assistant to Senator Dixon; Jefferson B. Seabright, assistant to Senator Wirth; Terence M. Lynch, assistant to Senator Shelby; Patrick F. McCartan, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; Robert M. Soofer, assistant to Senator Gorton; and Eric H. Thoemmes, assistant to Senator Coats.

Senator THURMOND. The committee will come to order. The chairman, Senator Dixon, I am sure will be here in a few minutes. I have another meeting I have to go to, and I would just like to make a brief statement at this time.

Senator DIXON [presiding]. I recognize the distinguished senior Senator from South Carolina whose valuable contributions to this subcommittee and every committee on which I have ever been are innumerable. Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman. I want to join you in welcoming these distinguished witnesses here today. As the chief logistics operators of our services, these officers are responsible for an extremely complex and costly business that too few in the Congress and the public fully understand.

Mr. Chairman, I would like to compliment you for holding this hearing so early in the session. I believe it is essential that this subcommittee and the full committee understand where our services stand in terms of logistic readiness. If our logistics system is

currently not ready to support the troops and weapons systems, we should carefully consider adding any additional demands on the logistics system by procuring weapons that we may not need based on the dramatic changes in the threat.

To our witnesses I want to say that your challenge for the next several years will be to maximize the equipment and supplies you have on hand. As managers of our services' materiel assets, you must be prepared to do more with less.

We appreciate the great service you are rendering to our country. We thank you, congratulate you and wish you well.

OPENING STATEMENT OF SENATOR ALAN J. DIXON, CHAIRMAN

Senator DIXON. Thank you, and thank you for your continued contributions to both the committee and this subcommittee.

Gentlemen, I am delighted to see you here today. The Subcommittee on Readiness, Sustainability and Support meets today to continue our hearings on the amended fiscal year 1991 defense authorization request. Earlier this month we received an overview of the Operation and Maintenance authorization request for fiscal year 1991 with special emphasis on the recommendations of the Defense Management Review that affect logistics programs.

This afternoon we will hear from the senior logistics commanders of the Department of Defense. These commanders are responsible for assuring that weapons systems are overhauled on schedule and that the spare parts for peacetime and wartime operations are on the shelves when and where needed.

Many of the recommendations in the Defense Management Review affect the activities of these logistics commanders, and I have asked each of our witnesses today to give us their views on the Defense Management Review proposals.

The logistics commanders also oversee inventory management and control activities in their respective services, and I have also asked each witness to be prepared to address some of the recent GAO criticisms of the Defense Department's practices in this area.

Gen. William G.T. Tuttle, Jr. is the Commander of the U.S. Army Materiel Command.

General Tuttle, we are glad to see you here.

Vice Adm. Stanley R. Arthur is the Deputy Chief of Naval Operations Logistics in the Office of the Chief of Naval Operations.

Admiral Arthur, we are glad to see you here.

Gen. Charles C. McDonald is the Commander of the Air Force Logistics Command.

General McDonald, we appreciate your coming.

Lt. Gen. Charles McCausland is the Director of the Defense Logistics Agency.

General McCausland, we thank you for being here.

Gentlemen, we welcome you to the subcommittee this afternoon. Your full statements will be included in the record. We will have questions after you have given your oral testimony.

Let me say that my distinguished friend, Senator Slade Gorton, the ranking member of this subcommittee, cannot be here this afternoon. He has some other obligations. As a matter of fact, he and I are handling an amendment together to the Clean Air bill

this afternoon. He asked the consent of the Senate this morning to not take that matter up until after 3 p.m. because he has to be off the Hill on a constituency errand with some of the good folks back in the State of Washington.

I apologize for his not being here, and we will place his statement in the record.

[The prepared statement of Senator Gorton follows:]

PREPARED STATEMENT BY SENATOR SLADE GORTON

Thank you Mr. Chairman. I too would like to welcome the witnesses to this hearing today to discuss the Department of Defense logistics problems in the fiscal year 1991 budget request.

We are concerned that the logistics problems built into the DOD request for funding will only get worse as a result of congressional review of the fiscal year 1991 budget. The projected savings will probably not be achieved, but the funds will be reduced regardless. This will mean that it will be increasingly difficult to maintain current military capability levels.

The statements for the record do indicate problems as a result of budget reductions; personnel cuts and reductions; projected DMR savings; GAO comments on excess spares; tougher environmental requirements; backlogs out of control; and projected savings from future DMR reviews being included in out-year budget preparations.

I urge the DOD to continue to be forthright in presenting the budget requests, the potential of not funding programs at the requested levels, and the projected savings from any management initiatives.

Senator DIXON. General Tuttle, we will begin with you, if it is all right. Will you please proceed.

STATEMENT OF GEN. WILLIAM G.T. TUTTLE, JR., USA,
COMMANDER, U.S. ARMY MATERIEL COMMAND

General TUTTLE. Thank you very much for your past support and for the honor of appearing before this committee, my first opportunity to do so. I will try to briefly cover what we do in the Army Materiel Command and highlight the challenges we face.

We are in the business of supporting a trained and ready Army. Our Chief of Staff, General Vuono, described that as a lethal, deployable, versatile Army, and that is the business that I see as our first obligation. Now within that Army are equipment and technology essential to success on the battlefield, and that is our primary focus.



AMC MISSIONS

1. Equip and Sustain a Trained, Ready Army
2. Provide Equipment and Services to Other Nations Through the Security Assistance Program
3. Develop and Acquire Non-Major Systems and Equipment
4. Provide Development and Acquisition Support to Program Managers (PEOs, PMs)
5. Define, Develop and Acquire Superior Technologies
6. Maintain the Mobilization Capabilities Necessary to Support the Army
7. Continue to Improve Productivity and Quality of Life

You can best understand the command by looking at these seven major missions here (pointing at chart) that we perform. We are really focusing for the purposes of today on the readiness side: equip and sustain a trained, ready Army; maintain the mobilization capabilities necessary to support it; as well as improving the productivity of that, as well as the systems and the people that are within.

My written testimony addresses those three missions (items 1, 6 and 7 highlighted on chart 2) and responds to the specific questions raised in your invitation for me to testify. We are obviously in a time——

Senator DIXON. Let me interrupt, General Tuttle, and I will not interrupt again.

Let me simply say for the record that the full statements of General Tuttle, Admiral Arthur, General McDonald and General McCausland will be reproduced in the record in full, I assure you.

General TUTTLE. We are in a very important time of essential adjustments to our force structure. There are inevitable cutbacks in funding. It is also a time to mold an efficient and effective support foundation for our Army, and we intend to seize that opportunity.

I want to briefly cover the areas which would represent the biggest challenges—our inventory, ammunition demilitarization, the depot maintenance floor, and essential supply funding—and then quickly update you on Foreign Military Sales and their impact on our industrial base.

First, our excess inventory problem which you raised initially. You have seen reports. You have seen or heard the news stories.

There is a lot of truth in them, but we are committed to resolving this problem.

OBJECTIVE SUPPLY SYSTEM

First, we are reducing the creation of excess through our Objective Supply System, which is now in prototype phase at Fort Hood, and we will be extending it into a larger part of Fort Hood and into Europe over the summer and early fall. We are modifying the provisioning and the requirements determination processes to make sure we do not create the excess in the first place or to reduce the opportunity to do so.

Another objective is to dispose of the excess which we already have. We are getting rid of more each year. We disposed of 177 percent more excess in fiscal year 1989 than we did in fiscal year 1988. The numbers were about \$279 million in 1988 and \$772 million in 1989.

As to our funding situation, in the central supply account we have two major challenges. First, the unfunded environmental cleanup costs, which are class 1 violations, which we must fund, costing about \$20 million annually in the next 3 years. By fiscal year 1993 we will have adjusted the Army Industrial Fund to cover the environmental costs, and we should be able to take care of the remaining findings as we go.

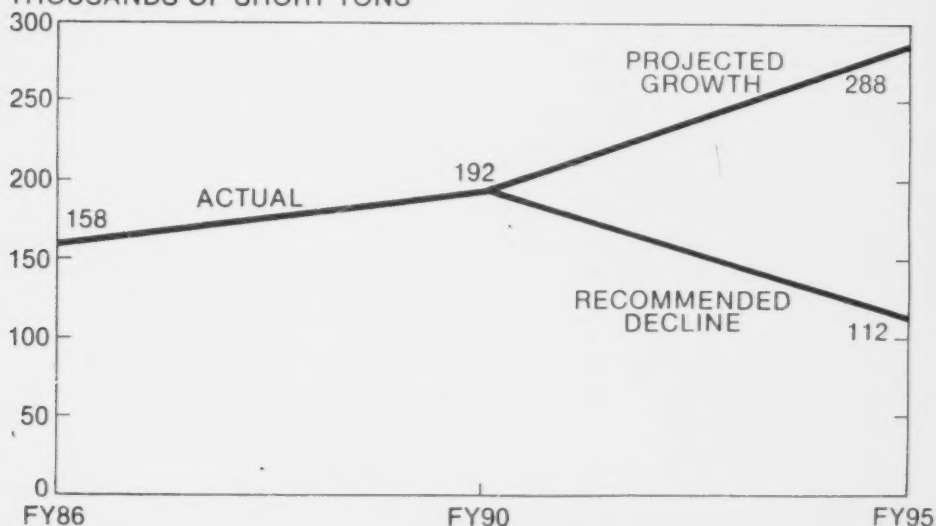
The second problem we have is in fiscal year 1991 our funded work year target is about 34,000, coming down from about 38,000 this year, which after normal attrition will equate to about 3,000 unfunded work years, about \$105 million. We may require reduction in force authority in order to make those kinds of structure cuts if we do not get the money from our internal reprogramming or other sources.

In the next chart, I want to show you a little bit about our demilitarization problem. Of course, as you know, the Army is the single manager of conventional ammunition for all the services.



THE DEMIL STOCKPILE

THOUSANDS OF SHORT TONS



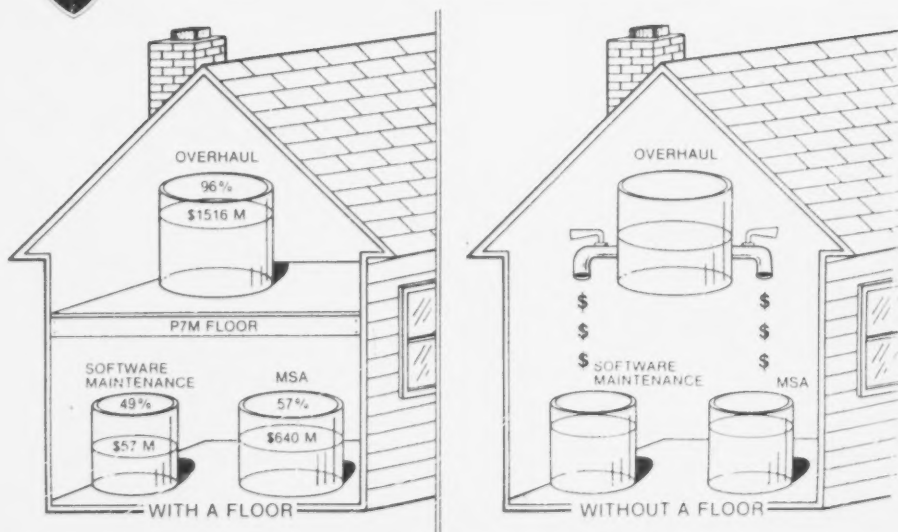
Our stockpile, undesirable stockpile here, has been growing at about 10 percent a year, and by the end of this year, as you can see, we have about 192,000 short tons where the red, blue and green lines intersect. We will reach nearly 300,000 short tons—288 is what is shown on the chart—by the end of fiscal year 1995 at the rate we are able to demolish, kind of judging at the existing funding rate we have, which really takes care of only the worst cases, the most unstable ammunition, the real hazard cases.

In the past few years we funded at only about 2,000 short tons a year. We accumulate about 19,000 a year. Next year we have programmed about \$35 million for this which marks a significant step in the right direction. A large part of that will go to cleaning up and closing ammo plants which are on the table, about \$20 million in fiscal year 1991, and that will be at the expense, of course, of other 7S programs.

A large demolish stockpile coupled with the closure of four large AMC ammunition depots and the likelihood of receiving large amounts of retrograde from Europe will result in an acute storage space problem for conventional ammo stocks, therefore requiring more demilitarization or the building of more warehouses or igloos, not to mention the increased safety and environmental concerns. So we have a problem that we need to address here.



PROGRAM 7 MAINTENANCE



On the next chart, just to skip to our problem on depot maintenance floor, I think I share this with my colleagues. This funding level in program 7 maintenance, of course, covers the overhaul, repair and renovation of major and secondary unserviceable items for reissue to the field. While new modernized systems are good news in that their reliability has lengthened time between overhauls, their densities and complexity are primary drivers for maintenance requirements.

Our problem here is we need some flexibility in using the depot maintenance floor funds for other maintenance purposes including maintenance of software to its baseline. Software, of course, is a vital part of our weapons systems now, and, like the hardware which we have traditionally called depot maintenance, requires maintenance to maintain its capability for the weapons systems to respond as they are required.

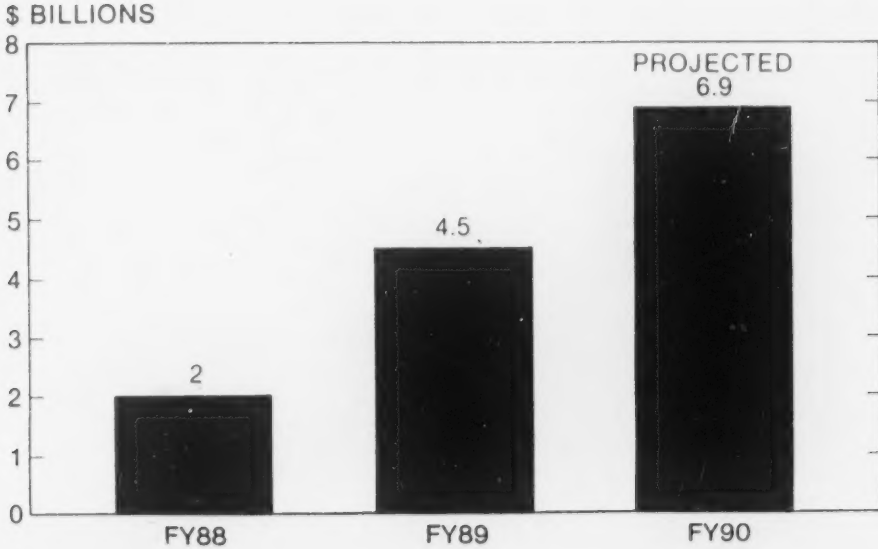
So we need a little flexibility, and on the left side of the chart (Program 7 Maintenance) you can see we are funding about 96 percent of our overhaul requirements. That is the floor, and we are still doing very well. Only about 49 percent of software maintenance, as you can see down here, is funded this year; and of our maintenance support activities, about 57 percent, which includes the collection of reliability data in the field and those various functions, such as maintaining the technical manuals and so forth.

What we are proposing is a drip function, if you will. I do not have as characteristic or colorful a chart as my predecessor did last year. No dragons to show you. But at least the drip function may give you the idea. We need a little drip from the floor there to be able to cover these relatively small programs but which are highly leveraged and have tremendous impact on our readiness. So we will ask for your sympathy on that particular issue.

Now what I would like to do is turn to the one last issue I want to talk about, Foreign Military Sales. That is of increasing importance as we withdraw, obviously, from overseas commitments and from our forward stationing of our troops.



FOREIGN MILITARY SALES

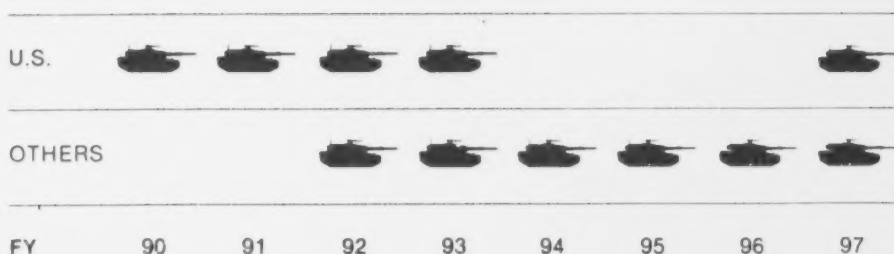


Foreign Military Sales preserves a warm production base for the future, directly tied to maintaining a manufacturing capacity to meet the threat of war, and it also helps the trade balance, and preserves a skilled work force as we are looking at facing problems with the closing down of tank assembly at Lima and Detroit tank plants. The sales are going up, as you can see, in 1988, 1989 and 1990. We have over three times as many in 1990 as we had just in 1988. There is a tremendously increased interest on the part of our friends and allies overseas.



FOREIGN MILITARY SALES

TANKS



Now as an example of this in the next chart, let me talk about tanks and what Foreign Military Sales can do to preserve a production base. There you see on the U.S. line the tank production which will go through 1993 as presently funded through the 1991 budget, and the "others" line is production for other people. Right now it includes in the firm case the Egyptian co-production efforts which will be about 500 plus tanks over about 5 years.

What we would like to do is bridge this gap—you can see the gap there (fiscal year 1994–1996, U.S. line of chart 6)—until the time we start the armored systems modernization or tank modernization that will go beyond what we are doing now.

So bridging that gap, maintaining that skilled work force, using those facilities, continuing to improve them could be filled through Foreign Military Sales, so we ask for your concern and sensitivity to this as these programs wind their way through Congress to get approval.

Now we are obviously very happy with the approvals given for us to offer to the Saudis the M1A2 tank, and that process of negotiation is going on as we speak.

OVERVIEW CONCLUSION

In closing, there are some exciting improvements ongoing in logistics systems and automation and use of third-party capital for improvements, to name just a few, and we are attacking the problems of excess which have been raised perennially by reports. It is a very difficult problem, as you can imagine. As you know, we are attacking those as vigorously as we can.

We must, however, be cautious, as the force structure of the Army is downsized, because we at AMC foresee significant changes in how we perform our missions. We do not project a parallel downsizing of our workload due to required retrograding of equipment for storage, retrofitting of equipment for foreign sales, possible increase in maintenance costs of the aging equipment, and con-

tinued support of the Army National Guard and the Army Reserve.

Your support in the past has been invaluable, and we again solicit your support as we cope with the downsizing and realignments that are upon us.

Thank you, sir.

[The prepared statement of General Tuttle follows:]

STATEMENT BY
 GENERAL WILLIAM G. T. TUTTLE, JR.
 COMMANDING GENERAL
 U.S. ARMY MATERIEL COMMAND

INTRODUCTION

MR. CHAIRMAN, DISTINGUISHED COMMITTEE MEMBERS, THANK YOU FOR THIS OPPORTUNITY TO ADDRESS OUR SHARED INTEREST IN READINESS, SUSTAINABILITY, AND SUPPORT OF OUR ARMY. THE CHIEF OF STAFF AND SECRETARY OF THE ARMY HAVE LAID OUT FUNDAMENTAL IMPERATIVES THAT MUST BE MAINTAINED AS WE TRANSITION TO A SMALLER, BUT MORE LETHAL, DEPLOYABLE, VERSATILE ARMY. THESE IMPERATIVES SHAPE THE ARMY MATERIEL COMMAND'S DIRECTION. LET ME RESTATE THEM:

- O QUALITY - ATTRACT AND RETAIN HIGH QUALITY SOLDIERS AND CIVILIANS
- O DOCTRINE - MAINTAIN FORWARD-LOOKING WARFIGHTING DOCTRINE
- O FORCE STRUCTURE - MAINTAIN THE FORCE SIZE AND MIX OF HEAVY, LIGHT, AND SPECIAL OPERATIONS UNITS REQUIRED BY NATIONAL STRATEGY
- O TRAINING - CONDUCT TOUGH, REALISTIC TRAINING
- O MODERNIZATION - MODERNIZE CONTINUOUSLY TO ENSURE ARMY FORCES HAVE NEEDED WARFIGHTING CAPABILITIES
- O LEADER DEVELOPMENT - DEVELOP COMPETENT, CONFIDENT LEADERS

THE QUALITY OF THE FORCE AND OUR ABILITY TO CONDUCT TOUGH REALISTIC TRAINING SPECIFICALLY DRIVE AMC'S SUSTAINMENT TASKS. WE CAN DO NEITHER WITHOUT READY EQUIPMENT AND NECESSARY MUNITIONS SUPPORT.

TODAY I WILL HIGHLIGHT WHAT WE ARE DOING TO MEET THE ARMY'S REQUIREMENTS, WHAT OUR ACHIEVEMENTS HAVE BEEN, OUR CHALLENGES, AND THE IMPACT WHICH DEFENSE MANAGEMENT REVIEW (DMR) AND OTHER INITIATIVES HAVE ON THE ARMY MATERIEL COMMAND (AMC). ALL OF WHICH ADD UP TO OUR ABILITY TO FIGHT AND SUSTAIN OUR FORCES. I WILL USE THE AMC MISSION FRAMEWORK THROUGHOUT MY STATEMENT, AS IT WILL FACILITATE YOUR SEEING THE IMPACT OF OUR WORK ON THE TOTAL ARMY. AMC'S MISSIONS ARE:

1. EQUIP AND SUSTAIN A TRAINED, READY ARMY.

2. PROVIDE EQUIPMENT AND SERVICES TO OTHER NATIONS THROUGH THE SECURITY ASSISTANCE PROGRAM.
3. DEVELOP AND ACQUIRE NON-MAJOR SYSTEMS AND EQUIPMENT.
4. PROVIDE DEVELOPMENT AND ACQUISITION SUPPORT TO PROGRAM MANAGERS OF MAJOR PROGRAMS.
5. DEFINE, DEVELOP AND ACQUIRE SUPERIOR TECHNOLOGIES.
6. MAINTAIN THE MOBILIZATION CAPABILITIES NECESSARY TO SUPPORT THE ARMY IN EMERGENCIES.
7. CONTINUE TO IMPROVE PRODUCTIVITY AND QUALITY OF LIFE.

MY COMMENTS WILL BE DIRECTED TO PRIMARILY MISSIONS 1, 6, AND 7. HOWEVER, I WOULD LIKE TO BRING TO YOUR ATTENTION THE INCREASING IMPORTANCE OF MISSION 2, SECURITY ASSISTANCE. SECURITY ASSISTANCE NOT ONLY CONTRIBUTES TO OUR SECURITY OBJECTIVES IN THE WORLD BUT HELPS TO MAINTAIN A VIABLE INDUSTRIAL BASE. THE RECENTLY APPROVED AUTHORITY TO OFFER M1 TANKS TO EGYPT AND SAUDI ARABIA, WILL HELP KEEP THE TANK PLANT OPEN, PRESERVE A SKILLED WORKFORCE AND A WARM PRODUCTION BASE FOR THE FUTURE. I WILL ADDRESS THIS AGAIN LATER IN MY TESTIMONY.

BEFORE I BEGIN WITH MISSION 1 YOU SHOULD KNOW THAT WE ACCOMPLISH OUR SUSTAINMENT TASK IN COOPERATION WITH THE OPERATING COMMANDS. OUR CUSTOMERS, THE COMBAT UNITS AND SOLDIERS WHO DEPEND ON AMC, ARE INCREASINGLY SUPPORTIVE OF OUR LOGISTICS SYSTEM THAT IS MORE STREAMLINED THAN EVER BEFORE.

MISSION 1

EQUIP AND SUSTAIN A TRAINED, READY ARMY

AMC'S FIRST AND PRIMARY MISSION IS TO EQUIP AND SUSTAIN A TRAINED, READY ARMY. APPROXIMATELY 60 PERCENT OF OUR PEOPLE AND \$9B ARE DEDICATED TO THIS MISSION. OUR PRINCIPAL TASKS WITHIN THIS MISSION AREA ARE LISTED BELOW. I WILL COVER EACH BRIEFLY FOR THEY ARE THE HEART OF OUR EFFORTS TO SUSTAIN THE ARMY.

- O FIELD ALL NEW SYSTEMS.
- O MANUFACTURE, PROCURE, STORE, AND DISTRIBUTE MUNITIONS.
- O PROCURE, STORE, AND DISTRIBUTE SPARES, TOOLS, AND OTHER SUPPLIES TO MAINTAIN EQUIPMENT READINESS.
- O MANAGE AND PERFORM DEPOT MAINTENANCE.

- O PERFORM POST-DEPLOYMENT SOFTWARE ENGINEERING.
- O CALIBRATE AND REPAIR TEST EQUIPMENT.
- O PROVIDE TECHNICAL ASSISTANCE AND TRAINING TO THE FIELD.

FIELD NEW SYSTEMS

AS YOU KNOW AMC MANAGES THE FIELDING OF NEW WEAPON SYSTEMS AND EQUIPMENT. LET ME POINT OUT THAT WE FIELD TOTAL PACKAGES FOR MAJOR SYSTEMS TO INCLUDE MANUALS, TRAINING, AND REPAIR PARTS.

"TOTAL PACKAGE FIELDING" IS THE MECHANISM WE USE TO FIELD FULLY OPERATIONAL WEAPON SYSTEMS, INCLUDING REQUIRED SUPPORT ITEMS, TO U.S. ARMY UNITS. AMC FIELDING COMMANDS ASSEMBLE SYSTEMS WITH SUPPORT EQUIPMENT, REPAIR PARTS AND MANUALS, THEN DELIVER A TOTAL PACKAGE TO THE SOLDIER IN THE FIELD.

IN FY89, THE ARMY MATERIEL COMMAND PROVIDED TOTAL PACKAGE FIELDING OF 119 INDIVIDUAL SYSTEMS TO 325 ARMY UNITS WORLDWIDE. THE FY90 PROGRAM WILL FIELD 129 DIFFERENT SYSTEMS. SOME KEY SYSTEMS INCLUDED IN THESE FIGURES ARE THE M1A1 ABRAMS TANK, AH64 APACHE, MLRS, M2 AND M3 BRADLEY FIGHTING VEHICLES, UH60 BLACKHAWK, MOBILE SUBSCRIBER EQUIPMENT (MSE), AND SINCGARS. THE ARMY TOTAL PACKAGE FIELDING PROGRAM MAKES MAXIMUM USE OF THE EXPERTISE OF AMC'S MATERIEL FIELDING COMMANDS TO ENSURE THAT THE SOLDIER RECEIVES THE MODERNIZED EQUIPMENT REQUIRED FOR MISSION PERFORMANCE, WITH THE LEAST AMOUNT OF TURBULENCE TO THE DAY-TO-DAY PERFORMANCE OF HIS TOTAL MISSION.

TOTAL PACKAGE FIELDING PROVIDES THE MEANS TO EQUIP A READY ARMY WITH MODERNIZED SYSTEMS IN A TIME OF SIGNIFICANT BUDGETARY CONSTRAINT. INTENSIVE FIELDING SCHEDULES REQUIRE PRIORITIZING THE FIELDING OF SYSTEMS TO INDIVIDUAL UNITS BASED UPON WHAT THE SYSTEM WILL ADD TO A UNIT'S MISSION CAPABILITY. TOTAL PACKAGE FIELDING IS THEN ACCOMPLISHED IN CONSONANCE WITH THIS PRIORITY. OUR SCOPE OF MANAGEMENT IN FIELDING NEW SYSTEMS INCLUDES OTHER KEY ELEMENTS IN ADDITION TO TOTAL PACKAGE FIELDING OF THE HARDWARE. WE MUST HAVE NEW EQUIPMENT TRAINING (NET) TO ADEQUATELY TRAIN THE SOLDIERS IN THE OPERATION AND MAINTENANCE OF THE FIELDED EQUIPMENT; TECHNICAL ASSISTANCE (ORGANIC AND CONTRACT) TO RESOLVE PROBLEMS AND SUPPORT THE USER; AND UPDATED PUBLICATIONS (MANUALS AND TECHNICAL DOCUMENTS) TO ENSURE OUR SOLDIERS HAVE THE LATEST PRINTED DATA ON EQUIPMENT OPERATION AND FIELD MAINTENANCE. UNFORTUNATELY, THE

DOLLARS FOR NEW EQUIPMENT TRAINING (NET), PUBLICATIONS, AND TECHNICAL ASSISTANCE ARE FUNDED FROM THE OMA P7 MAINTENANCE ACCOUNT. THIS YEAR, FUNDS FOR SOME OF THESE MAINTENANCE SUPPORT TASKS ARE CROWDED OUT BY THE DEPOT MAINTENANCE FLOOR. ACCORDINGLY, I URGE YOU TO PROVIDE AMC MAXIMUM FLEXIBILITY TO APPLY P7M DOLLARS TO OUR MOST CRITICAL NEEDS.

MANUFACTURE, PROCURE, STORE AND DISTRIBUTE/MUNITIONS

THE FY91 ARMY AMMUNITION PROCUREMENT AMENDED BUDGET IS \$1.42B. THIS REQUEST IS \$586.8M LESS THAN OUR FY90 APPROPRIATION. A BREAKOUT OF THE FY91 BUDGET REQUEST INCLUDES \$1.17B FOR AMMUNITION END ITEMS AND \$259.1M FOR PRODUCTION BASE SUPPORT. THE REQUIREMENT FOR STORAGE AND DISTRIBUTION OF AMMUNITION IS \$188.9M FOR STORAGE AND \$24.2M FOR DISTRIBUTION. THE STORAGE AND DISTRIBUTION FUNDS PAY FOR OPERATING THE SUPPLY DEPOTS AND PERFORMING SUCH TASKS AS RECEIPT, STORAGE, ISSUE, AND TRANSPORTATION OF AMMUNITION. ALTHOUGH THE FY91 AMMUNITION PROCUREMENT REQUEST IS LESS THAN OUR FY90 APPROPRIATION, THE PROGRAM IS BOTH EQUITABLE AND BALANCED IN THE CONTEXT OF THE RAPIDLY CHANGING GLOBAL ENVIRONMENT AND NATURE OF THE THREAT. THE PROGRAM SUPPORTS PEACETIME BUYS OF ESSENTIAL, MODERN AMMUNITION; MODEST INCREASES OF SELECTED AMMUNITION ITEMS IN THE WAR RESERVE STOCKPILE; AND 100 PERCENT SUPPORT FOR CRITICAL TRAINING REQUIREMENTS. SUPPORT OF WAR RESERVE REQUIREMENTS ACCOUNTS FOR APPROXIMATELY 59 PERCENT OF THE END ITEM PROCUREMENT FUNDING REQUEST AND TRAINING ACCOUNTS FOR APPROXIMATELY 35 PERCENT. PRODUCTION BASE SUPPORT FUNDING IS EXPENDED PRIMARILY TO MAINTAIN THE ACTIVE BASE; LAYAWAY PRODUCTION LINES NO LONGER REQUIRED DURING PEACETIME; AND MAINTAIN INACTIVE FACILITIES AND EQUIPMENT. IT IS IMPORTANT TO KEEP AN AMMUNITION PRODUCTION BASE THAT SUPPORTS PEACETIME WORKLOADS, AND IS CAPABLE OF QUICK EXPANSION TO SUPPORT WARTIME REQUIREMENTS ESPECIALLY IN THIS TRANSITION PERIOD OF CHANGING ENVIRONMENTS AND THREATS. LATER IN MY TESTIMONY I WILL ELABORATE ON THE CHALLENGES WE FACE IN SELECTING THE PROPER PLANTS FOR CLOSURE AND THOSE FOR CONTINUED OPERATION.

THE MEASURE OF A SUCCESSFUL PROGRAM IS IN THE EXECUTION. WITH THE SUPPORT WE'VE RECEIVED IN RECENT YEARS WE BELIEVE WE HAVE THE RIGHT AMMUNITION TO FIGHT AND SUSTAIN A CONTINGENCY. OUR CONTRIBUTION TO OPERATION "JUST CAUSE" SUBSTANTIATES THIS BELIEF. WE PROVIDED 525 SHORT TONS OF AMMUNITION, WORTH

APPROXIMATELY \$24M, TO OUR FORCES IN PANAMA. WE PROVIDED IT IN THE RIGHT AMOUNT, AT THE RIGHT TIME TO SUSTAIN THE OPERATION.

A CHALLENGE FOR US IS THE DISPOSITION OF THE DEMIL STOCKPILE WHICH WILL GROW TO 192,000 SHORT TONS BY THE END OF FY90 AND IS PROJECTED TO INCREASE BY APPROXIMATELY 19,000 SHORT TONS PER YEAR. THIS IS AN ENVIRONMENTAL TIME-BOMB WHICH WE MUST DEAL WITH EARLY ON. IN ADDITION, THE STOCKPILE IS EXPECTED TO REACH 288,000 SHORT TONS BY THE END OF FY95. WITH SOME OF OUR AMMUNITION STORAGE DEPOTS IN THE CONTINENTAL U.S. EITHER CLOSING OR REALIGNING MISSIONS AND THE EXPECTED RETURN OF LARGE AMOUNTS OF RETROGRADE FROM EUROPE, INCREASED EMPHASIS ON DEMILITARIZATION WILL BE NECESSARY TO MAKE STORAGE SPACE AVAILABLE FOR THOSE STOCKS.

WHILE THE DMR INITIATIVE DID NOT SPECIFICALLY ADDRESS THE AMMUNITION MISSION, WE IN THE ARMY HAVE CAREFULLY REVIEWED OUR CAPABILITIES AND REQUIREMENTS. OUR REVIEW ALLOWS US TO PROPOSE THE INACTIVATION OF SEVERAL AMMUNITION PLANTS WITHIN THE NEXT FEW YEARS. THESE PROPOSED LAYAWAYS WILL ALIGN THE PRODUCTION BASE WITH THE REDUCED REQUIREMENT.

PROCURE, STORE AND DISTRIBUTE SPARES, TOOLS AND OTHER SUPPLIES
TO MAINTAIN EQUIPMENT READINESS

NOW LET ME DISCUSS THE CENTRAL SUPPLY PROGRAM. THE LARGEST PORTION OF THE CENTRAL SUPPLY PROGRAM IS SUPPLY DEPOT OPERATIONS WHICH FUNDS THE RECEIPT AND ISSUE OF MATERIEL, PHYSICAL INVENTORY, REWAREHOUSING, AND CARE OF SUPPLIES IN STORAGE (COSIS). SUPPLY SUPPORT FUNCTIONS WILL CONTINUE TO BE ACCOMPLISHED AT A MINIMUM ACCEPTABLE LEVEL. THE SUPPLY DEPOT SYSTEM WILL BE FUNDED THROUGH REIMBURSEMENT FROM THE ARMY STOCK FUND BEGINNING IN FY91. SINCE THE SALARIES OF MOST SUPPLY DEPOT PERSONNEL WILL BE DEPENDENT ON SALES TO THE RETAIL CUSTOMER THE ABILITY TO ACCURATELY FORECAST WORKLOAD AND OPERATE AN EFFICIENT DEPOT SUPPLY SYSTEM WILL BECOME EXTREMELY IMPORTANT.

WHILE DEPOT OPERATIONS ARE THE LARGEST RESOURCE CONSUMER, THE MATERIEL MANAGEMENT TASKS - COMPUTING REQUIREMENTS, PROCURING AND DISTRIBUTING, ARE THE HEART OF THE OPERATION.

THE ARMY MATERIEL COMMAND LOOKS FORWARD TO THE CONTINUED SUCCESS REALIZED OVER THE PAST FIVE YEARS IN EXECUTING OUR SPARES PROGRAM IN SUPPORT

OF EQUIPMENT READINESS. IN FY90, WE EXPECT TO EXECUTE 97 PERCENT OF OUR APPROVED PROCUREMENT APPROPRIATED SPARES PROGRAM DOLLARS. WHILE THIS IS GOOD NEWS, A NUMBER OF ACTIONS HAVE SERVED TO REDUCE OUR OVERALL PROGRAM DOLLARS. THE FY90 APPROVED PROGRAM IS 21 PERCENT LESS THAN OUR BUDGET REQUEST. THIS IS A RESULT OF AN INITIAL \$60M UNFUNDED BILL, ADDITIONAL GRAMM-RUDMAN-HOLLINGS REDUCTIONS, AND CONGRESSIONAL DECISIONS.

FUNDING FOR THE PROPOSED FY91 STOCK FUND PROGRAM REPRESENTS THE FOURTH CONSECUTIVE YEAR OF UNDERFUNDING. DEMANDS IN FY88, 89, AND 90 HAVE EXCEEDED THE ANNUAL AUTHORITY. THE RESULT IS STOCK REDUCTION AND LOWER AVAILABILITY OF MISSION-ESSENTIAL COMPONENTS IN FY92 AND FY93, AND REDUCED EQUIPMENT READINESS. HOWEVER, THE ULTIMATE EFFECT WILL NOT BE KNOWN UNTIL FORCE STRUCTURE STABILIZES. OUR FY90 STOCK FUND PROGRAM WAS SIMILARLY AFFECTED AND RESULTED IN BUDGET REDUCTIONS TOTALING \$454M, OR 29 PERCENT OF OUR REQUEST. WHILE SIGNIFICANT FUNDING REDUCTIONS HAVE BEEN LEVIED ON OUR PROGRAMS, AMC HAS TAKEN POSITIVE STEPS TO ENSURE AVAILABLE DOLLARS ARE APPLIED TO OUR CRITICAL "READINESS IMPACT" ITEMS DURING THE EXECUTION PROCESS.

ALSO, AMC HAS ALREADY TAKEN ACTION TO DRAW DOWN OUR SPARE AND REPAIR PARTS INVENTORY NEEDS FOR FY90 AND BEYOND CONSISTENT WITH PLANNED FORCE STRUCTURE REDUCTIONS. WE HAVE INSTITUTED PROCEDURES TO RECOMPUTE SAFETY LEVEL REQUIREMENTS ON AN ITEM-BY-ITEM BASIS TO ENSURE THAT DEPOT REPAIR AND PROCUREMENT ACTIONS EFFECTIVELY SUPPORT ESSENTIAL SPARE AND REPAIR PARTS REQUIREMENTS.

NOW LET ME PROVIDE YOU WITH AN ASSESSMENT OF YOUR ARMY'S CURRENT MATERIEL READINESS. WE CONTINUOUSLY MONITOR MISSION CAPABLE RATES, AS WELL AS OTHER KEY INDICATORS, FOR 410 WEAPONS SYSTEMS AND OTHER EQUIPMENT. THIS TRANSLATES TO OVER 407,000 INDIVIDUAL ITEMS. WE MONITOR THESE ITEMS TO ISOLATE AND CORRECT EQUIPMENT PROBLEMS WHICH HAVE ADVERSE EFFECT ON MATERIEL READINESS. TOTAL ARMY READINESS RATES REACHED A HIGH IN FY87 OF OVER 92 PERCENT. FY89 TOTAL ARMY READINESS RATE IS 90.9 PERCENT AND REPRESENTS THE FIRST EFFECT OF UNDERFUNDED PROCUREMENT AUTHORITY IN PREVIOUS YEARS. ALTHOUGH, WE ARE STILL ABOVE OUR READINESS GOAL, UNDERFUNDING OF SPARES PROGRAM WILL LIKELY RESULT IN A CONTINUING DECLINE IN READINESS RATES. ANOTHER GAUGE OF OUR PERFORMANCE IS STOCK AVAILABILITY. THIS MEASUREMENT

REPRESENTS THE PERCENT OF CUSTOMER REQUEST WE WERE ABLE TO FILL FROM ON-HAND STOCKS. FOR THE PAST FOUR FISCAL YEARS AMC HAS ACHIEVED CONSISTENTLY HIGH RATES OF OVERALL STOCK AVAILABILITY, EXCEEDING THE 85 PERCENT GOAL. IN FY89 WE BEGAN FORECASTING AVAILABILITY BASED ON ESSENTIALITY OF THE COMPONENT TO THE OPERATIONAL CAPABILITY OF THE WEAPON SYSTEM REALIZING THAT WE COULD NOT MAINTAIN THE 85 PERCENT ANY LONGER. IN FACT WE ARE EXPERIENCING AVAILABILITY IN THE 70-80 PERCENT RANGE FOR SEVERAL OF OUR MAJOR WEAPONS. WE ARE RE-ALLOCATING RESOURCES TO DRIVE UP THAT AVAILABILITY AT THE EXPENSE OF LOWER PRIORITY SYSTEMS AND LESS ESSENTIAL COMPONENTS.

WHILE OUR PERFORMANCE ANALYSIS TOOLS LOOK AT OUR PEACETIME ACHIEVEMENTS OUR WARTIME ACHIEVEMENTS CAN BE SEEN IN OUR SUPPORT TO OPERATION "JUST CAUSE."

DURING THE OPERATION, AMC PERFORMED ALL NECESSARY ACTIONS REQUIRED TO PROVIDE FULL SUPPLY SUPPORT TO OUR FORCES. CRITICAL ITEMS WERE TRACKED FROM DEPOTS THROUGH AIR TERMINALS TO PANAMA, INCLUDING DLA AND GSA MANAGED ITEMS. FROM GUNS TO BUTTER, IF THE TROOPS IN PANAMA HAD A REQUIREMENT, THE AMC COMMUNITY FOUND IT AND SHIPPED IT. WHEN THE REQUEST FOR HUMANITARIAN SUPPLIES SURFACED, THE AMC COMMUNITY IDENTIFIED ACTUAL REQUIREMENTS AND COMPUTED THE NEEDED QUANTITIES REQUIRED. ITEMS NOT CURRENTLY IN STOCK AT DEPOTS, WERE LOCATED IN NON-DEPLOYING UNITS AND DIRECTED FOR SHIPMENT TO PANAMA. DURING OPERATION "JUST CAUSE", AMC PROCESSED 2,054 REQUISITIONS FOR A QUANTITY OF 242,751 ITEMS OF EQUIPMENT, AMMUNITION AND SPARE PARTS. WE FILLED A REMARKABLE 97 PERCENT OF THE MATERIAL REQUESTED. THE ESTIMATED DOLLAR VALUE OF THESE SHIPMENTS WAS \$35M.

THE DISTRIBUTION OF SUPPLIES TO OUR SOLDIERS IS PROVIDED PRIMARILY THROUGH OUR AREA ORIENTED DEPOTS. THE ARMY'S PROGRAM TO MODERNIZE ITS AREA ORIENTED DEPOTS WITH STATE-OF-THE-ART DISTRIBUTION CENTERS WAS INITIATED IN MAY 1981 WITH THE APPROVAL OF THE DESIGN EFFORT FOR THE WESTERN DISTRIBUTION CENTER AT SHARPE ARMY DEPOT IN CALIFORNIA. THE AREA ORIENTED DEPOT MODERNIZATION PROGRAM WILL PROVIDE THE ARMY WITH DISTRIBUTION FACILITIES CAPABLE OF SUSTAINING A HIGH LEVEL OF SUPPORT TO THE MODERN ARMY WELL INTO THE NEXT CENTURY. WITH YOUR SUPPORT, THE FIRST DISTRIBUTION CENTER FACILITY AT SHARPE ARMY DEPOT BECAME PARTIALLY OPERATIONAL IN MARCH 1989. THE SECOND FACILITY AT NEW CUMBERLAND ARMY DEPOT, PENNSYLVANIA, WILL BECOME FULLY

OPERATIONAL IN FY91 AND SHARPE ARMY DEPOT WILL FOLLOW. THE PLANNED EFFICIENCY OF THESE TWO DEPOTS AND FORCE STRUCTURE DRAWDOWN HAS ALLOWED US TO RECONSIDER A PLANNED THIRD FACILITY. THIS DECISION WAS BASED ON ACTUAL WORKLOAD GENERATION AND PENDING FORCE REDUCTIONS WHICH CREATES LESS FAVORABLE SAVINGS TO INVESTMENT RATIO. THE REMAINING TWO DISTRIBUTION CENTER FACILITIES WILL BOOST EFFICIENCY AND PRODUCTIVITY, AND WILL SIGNIFICANTLY IMPROVE OUR ABILITY TO PROVIDE RELIABLE, RESPONSIVE SUPPORT TO OUR SOLDIERS.

ANOTHER STATE-OF THE ART PROJECT THE ARMY IS UNDERTAKING AND IN WHICH AMC PLAYS A SIGNIFICANT ROLE, IS A LOGISTICS SYSTEM MODERNIZATION PLAN. WHEN COMPLETE, THE STRATEGIC LOGISTICS PROGRAM (SLP) WILL PROVIDE THE ARMY WITH A "SEAMLESS" LOGISTICS SYSTEM THAT INCLUDES THE PRINCIPAL LOGISTICS FUNCTIONS AND PROVIDES MAXIMUM WEAPON SYSTEM SUPPORT BY IMPROVING PARTS AVAILABILITY. ANOTHER MAJOR OBJECTIVE IS TO REDUCE THE LOGISTICS PIPELINE INVESTMENT AND LEADTIME. A SUBSET OF SLP, IS THE OBJECTIVE SUPPLY SYSTEM (OSS). THROUGH OSS WE ARE DEVELOPING A PROCESS TO ACHIEVE INTERACTIVE, NEAR REAL TIME PROCESSING OF REQUISITIONS AND SIGNIFICANTLY REDUCE THE AMOUNT OF TIME REQUIRED TO FILL CUSTOMER REQUESTS FOR SUPPLIES. SINCE DECEMBER 1988, THE TEST BED FOR OSS HAS BEEN IN PLACE AT FORT HOOD, TEXAS. THE ORDER-SHIP-TIME (OST) REQUIRED TO FILL A REQUEST HAS BEEN REDUCED FROM 12-25 DAYS TO 5-10 DAYS. THE OPERATIONAL PROTOTYPE IS SCHEDULED TO BE ON-LINE AT FORT HOOD, TEXAS AND FORT RUCKER, ALABAMA IN AUGUST 1990 AND RUN APPROXIMATELY ONE YEAR.

OUR SUCCESS IN SUPPORTING THE SOLDIER IS ALSO REFLECTED IN OUR USE OF ASSETS ALREADY IN THE HANDS OF THE TROOPS. OUR EUROPEAN REDISTRIBUTION FACILITIES (ERF), ESTABLISHED IN JULY 1986, CONTINUE TO BE A GREAT SUCCESS IN REDISTRIBUTION OF THEATER ASSETS. AS OF FIRST QUARTER FY90, WE HAVE REDISTRIBUTED OVER \$600M WORTH OF MATERIEL TO IN-THEATER UNITS AND MAINTENANCE ACTIVITIES. THIS REFLECTS AN INCREASE OF NEARLY \$100M OVER LAST YEAR. ACTING AS A RETROGRADE PROCESSING FACILITY, THE ERF SITES HAVE BEEN MOST VALUABLE IN EXPEDITING AND MANAGING THE RETURN OF UNSERVICEABLE DEPOT LEVEL REPARABLES. OVER \$431M WORTH OF MATERIEL HAS BEEN RETURNED TO CONUS THROUGH FIRST QUARTER FY90.

WE ALSO ACKNOWLEDGE OUR COMMITMENT TO SPEND OUR CONSTRAINED RESOURCES WISELY. AMC HAS AGGRESSIVE PROGRAMS TO IMPROVE OUR COMPETITION PERFORMANCE.

OUR EFFORTS SINCE FY85 TO IMPROVE OUR COMPETITION PERFORMANCE REDUCED THE PRICE OF GOODS AND SERVICES WE PROCURED IN FY89 BY AN ESTIMATED \$368M.

ONE OF OUR MOST SIGNIFICANT CHALLENGES IN THE SUPPLY ARENA IS DISPOSITION OF EXCESS. OUR FIRST OBJECTIVE IS TO REDUCE THE CREATION OF EXCESS MATERIEL. WE HAVE TAKEN A NUMBER OF ACTIONS BOTH IN THE FIELD AND IN AMC TO ACHIEVE THIS OBJECTIVE. ONE OF OUR MOST PROMISING INITIATIVES IS THE OSS WHICH I DESCRIBED EARLIER. THIS SYSTEM PROVIDES GREATER VISIBILITY OF SUPPLIES AND MORE FIELD CONFIDENCE IN THE LOGISTICS SYSTEM, ALLOWING US TO REDUCE STOCKAGE LEVELS. TWO MAJOR INFLUENCES ON REDUCING THE CREATION OF EXCESS ARE PROVISIONING AND THE REQUIREMENTS DETERMINATION PROCESS, BOTH OF WHICH ARE BEING MODIFIED.

OUR SECOND OBJECTIVE IS TO DISPOSE OF EXCESS MATERIEL. DURING THE PAST YEAR WE MADE SIGNIFICANT PROGRESS IN REDUCING THE LEVELS OF UNSERVICEABLE AND/OR INAPPLICABLE INVENTORY IN OUR DEPOTS THAT HAD BEEN ACCUMULATING SINCE THE EARLY 1980'S. CONTRIBUTING TO THIS INCREASE ARE THE CONSERVATIVE RETENTION POLICIES DEVELOPED AFTER THE "DISPOSAL FREEZE" IN 1985-86. THESE STOCKS WERE UNNECESSARILY TYING UP INVENTORY INVESTMENT AND HAD BEGUN TO CAUSE SERIOUS OVERCROWDING, ADVERSELY IMPACTING DEPOT OPERATIONS. IN AN EFFORT TO RELIEVE THE DEPOTS OF OVERCROWDING CONDITIONS, CONSISTENT WITH EXISTING RETENTION POLICIES, AMC TOOK AGGRESSIVE ACTION TO DISPOSE OF INAPPLICABLE INVENTORY. DISPOSALS FROM OUR DEPOTS, AS OF THE END OF 1989 HAD INCREASED BY OVER 177 PERCENT (FROM \$279.1M IN 1988, TO \$772.1M IN 1989). APPROVAL OF A DMR INITIATIVE, PART OF WHICH AUTHORIZED ELIMINATION OF NUMERIC RETENTION STOCKS, WILL PROVIDE FURTHER RELIEF FROM INVENTORY INVESTMENT AND OVERCROWDING IN OUR DEPOTS. THIS PUTS US IN A BETTER POSITION TO RECEIVE AND STORE EQUIPMENT RETURNED TO US AS A RESULT OF FORCE REDUCTIONS AND BASE CLOSURES.

THE DOWNSIZING/INACTIVATION OF ARMY UNITS PRESENTS A CHALLENGE TO AMC IN OUR EFFORT TO UTILIZE THEIR ASSETS IN THE MOST EFFECTIVE AND EFFICIENT WAY. THE DEPARTMENT OF THE ARMY IS EMPHASIZING REDISTRIBUTION OF SYSTEMS, EQUIPMENT AND SUPPLIES TO UNITS WITH OUTDATED SYSTEMS OR SHORTAGES. SECOND PRIORITY IS FILL OF OUR POMCUS, WAR RESERVE, OTHER SERVICE REQUIREMENTS AND SECURITY ASSISTANCE PRIOR TO INITIATING ANY ACTIONS TO DISPOSE OF EXCESS ASSETS.

A SIGNIFICANT CHALLENGE TO AMC WILL BE TO ACCOMPLISH THIS MISSION AND CONCURRENTLY EXECUTE A 14 PERCENT REDUCTION IN CENTRAL SUPPLY ACTIVITY, P7S.

MANPOWER OVER THE NEXT 18 MONTH PERIOD. TO THE EXTENT POSSIBLE ATTRITION WILL BE USED TO REDUCE THE IMPACT ON THE WORKFORCE. HOWEVER, I AM SKEPTICAL THAT WE WILL GET TO THERE BY THIS METHOD ALONE AND MAY NEED REDUCTION IN FORCE AUTHORITY TO REMAIN WITHIN FY91 FUNDED LEVELS.

TWO DMR INITIATIVES WILL DRAMATICALLY IMPACT OUR SUPPLY BUSINESS IN THE COMING YEAR. FIRST, IS THE INTEGRATION OF THE WHOLESALE AND RETAIL LOGISTICS SYSTEMS INTO ONE SEAMLESS SYSTEM. THIS INITIATIVE CENTERS ON TOTAL ASSET VISIBILITY AND WEAPON SYSTEM ORIENTATION. USING THE CONCEPTS I DESCRIBED EARLIER AS THE OBJECTIVE SUPPLY SYSTEM, TOGETHER WITH VISIBILITY OF STOCKS AT ALL ECHELONS, THE ARMY WILL BUY ONLY ITEMS NEEDED TO REPLACE LOSSES AND MAINTAIN OPTIMUM INVENTORIES. OUR OBJECTIVE IS ALSO TO MAXIMIZE AVAILABILITY OF THE WEAPON SYSTEMS BY JUDICIOUS REPAIR AND DISTRIBUTION DECISIONS. THE ARMY LOGISTICS SYSTEM WILL TARGET ON THE MOST PRESSING NEEDS FOR KEEPING OUR WEAPON SYSTEMS IN OPERATION THROUGH THE USE OF A DYNAMIC REPAIR AND DISTRIBUTION CAPABILITY. THIS RESPONSIVE CAPABILITY IS NOT ONLY ECONOMICALLY ATTRACTIVE BUT IT GIVES US AN EDGE IN CONTINGENCY SITUATIONS AS WELL. THE PLAN IS TO MODIFY THE LOGISTICS INFORMATION SYSTEMS IN THE FIELD, IN THE DEPOTS AND IN THE INVENTORY CONTROL POINTS SO THAT REAL TIME ASSET DATA IS AVAILABLE TO DECISION MAKERS.

THE OTHER INITIATIVE IMPACTS THE FUNDING APPROPRIATION FOR SPARES. ON 1 OCTOBER 1990, WE WILL TRANSITION ALL OF OUR DEPOT LEVEL REPARABLES (DLR) CURRENTLY PROCUREMENT APPROPRIATION FUNDED, INTO THE ARMY STOCK FUND. AT THE SAME TIME WE WILL BEGIN FINANCING MANY OF OUR DEPOT AND SUBORDINATE COMMAND SUPPLY SUPPORT FUNCTIONS THROUGH STOCK FUND. CURRENTLY THESE ARE FUNDED FROM O&MA. WHILE THE RESULT WILL BE TO PLACE GREATER FINANCIAL RESPONSIBILITY ON THE WHOLESALE LEVEL AS WELL AS ON INDIVIDUAL FIELD UNITS, STOCK FUNDING OUR REPARABLES WILL PROVIDE AMC WITH MORE CONTROL OVER OUR INVENTORIES AND THE DOLLAR SAVINGS ASSOCIATED WITH THAT CONTROL. THIS WILL TRANSLATE INTO FEWER BUY ACTIONS AND MORE RELIANCE ON REPAIR. WITH DLR COST NOW BECOMING A UNIT COMMANDERS CONCERN, WE WILL SEE FEWER DEMANDS AND INCREASED UNSERVICEABLE RETURNS. RELIABILITY PROBLEMS THAT HAVE GONE UNREPORTED, SHOULD BEGIN SURFACING FOR PROPER CORRECTIVE ACTION. THE COSTS OF THESE INITIATIVES ARE HIGH. TO SUPPORT OUR SUBORDINATE COMMAND AND DEPOT SUPPLY FUNCTIONS THROUGH

THE STOCK FUND, A SURCHARGE MUST BE LEVIED ON EVERY STOCK FUND ITEM THE ARMY MANAGES. THIS SURCHARGE FOR FY91 WILL ADD 26.5 PERCENT TO THE COST OF EACH STOCK FUND ITEM WE SELL. ALTHOUGH THESE INITIATIVES WILL REQUIRE UNIT COMMANDERS TO BUDGET FOR REPARABLES AND AMC TO BE MORE ACCOUNTABLE FOR ITS WORKFORCE, STOCK FUNDING THESE COSTS WILL AFFORD GREATER MANAGEMENT FLEXIBILITY.

MANAGE AND PERFORM DEPOT MAINTENANCE

ONE OF THE MAJOR COMPONENTS IN EQUIPPING AND SUSTAINING OUR FORCES IS DEPOT MAINTENANCE. DEPOT MAINTENANCE REQUIREMENTS ARE RESOURCED AT \$1.8B IN FY90 AND \$1.5B IN FY91. FOR BOTH YEARS APPROXIMATELY 60 PERCENT OF THE MAINTENANCE WORKLOAD WILL BE ACCOMPLISHED BY DEDICATED AMC PERSONNEL. DEPOT MAINTENANCE CONSISTS OF OVERHAUL, REPAIR, AND RENOVATION OF MAJOR END ITEMS AND SECONDARY ITEMS (COMPONENTS).

IN FY89, THE DEPOTS ACCOMPLISHED OVERHAUL AND REPAIR OF 477,072 ITEMS - 31,164 MAJOR AND 445,908 SECONDARY ITEMS. THESE ITEMS INCLUDE AIRCRAFT, TANKS, ENGINES, SMALL ARMS, TO NAME A FEW.

IN 1989, WE TESTED OUR ORGANIC DEPOT CAPABILITY TO REACT TO PRODUCTION SURGE DEMANDS BY TASKING TWO DEPOTS TO RADICALLY INCREASE PRODUCTION OF ITEMS WHICH WERE IN SHORT SUPPLY. AT TOOELE ARMY DEPOT, PRODUCTION FOR THREE HIGH DEMAND TANK AND AUTOMOTIVE ITEMS WAS SUCCESSFULLY TRIPLED ON SHORT NOTICE. AT CORPUS CHRISTI ARMY DEPOT PRODUCTION ON ONE CRITICALLY ESSENTIAL AVIATION ITEM WAS SUCCESSFULLY INCREASED WITH LITTLE ADVANCE NOTICE. IN BOTH CASES, OUR ABILITY TO REACT TO INCREASED PRODUCTION REQUIREMENTS WAS MADE POSSIBLE BY OUR STRONGLY COMMITTED WORKFORCE AND IN-DEPTH JOB KNOWLEDGE. SURGES LIKE THESE AFFECT AN ENTIRE DEPT WORKFORCE. THESE SURGES WOULD NOT BE POSSIBLE WITHOUT AN OVERALL COMMITMENT TO TEAMWORK. BOTH OF THE SURGES TESTED THE FLEXIBILITY AND RESPONSIVENESS OF THE DEPOT, DEMONSTRATED OUR CAPACITY TO SUPPORT MOBILIZATION, AND INCREASED OUR DEPOT MAINTENANCE PRODUCTION OUTPUT FOR CRITICAL REPAIR PARTS.

WE MUST RETAIN THIS CAPABILITY AND CONTINUE TO OBTAIN THE MACHINERY AND TRAINING NECESSARY TO REPAIR EQUIPMENT WHICH USES DEVELOPING STATE-OF-THE-ART TECHNOLOGY. AS NEWER WEAPON SYSTEMS EXPLOIT THE ADVANCES IN SOPHISTICATED

ELECTRONICS AND COMPOSITE MATERIALS, INVESTMENTS MUST BE MADE IN OUR DEPOT'S CAPITAL EQUIPMENT SO WE CAN SUPPORT OUR SOLDIER'S WEAPONS. THIS IS ESPECIALLY IMPORTANT FOR OUR LOW DENSITY SYSTEMS BECAUSE CONTRACTORS ARE LESS ABLE TO ECONOMICALLY SUPPORT EQUIPMENT THAT HAS SMALL QUANTITIES OR FLUCTUATING MAINTENANCE REQUIREMENTS. THE DEPOTS HAVE HISTORICALLY PROVIDED, AND MUST CONTINUE TO PROVIDE THE SUPPORT FOR THESE SYSTEMS REGARDLESS OF QUANTITY.

WE ARE ATTACKING THE CHALLENGE OF REDUCED RESOURCES BY MAKING OUR DEPOTS MORE EFFICIENT. AT TOOELE ARMY DEPOT WE HAVE BEGUN CONSTRUCTION OF THE CONSOLIDATED MAINTENANCE FACILITY. THIS PROGRAM WILL COMBINE THE SUPPLY, MAINTENANCE, AND SHIPPING FUNCTIONS REQUIRED FOR SEVERAL TYPES OF TRUCKS, TRAILERS, GENERATORS AND OTHER EQUIPMENT INTO ONE, LARGE, WELL ORGANIZED BUILDING. THIS WILL REPLACE DOZENS OF SMALLER OLD BUILDINGS WHICH WERE LESS EFFICIENT. THE FINAL RESULT WILL BE IMPROVED CAPACITY AND GREATLY IMPROVED EFFICIENCY. ANOTHER WAY WE HAVE BECOME MORE EFFICIENT IS TO PUT OUR DEPOTS ON A TEN-HOUR FOUR-DAY WORK WEEK. THIS SAVES US 20 PERCENT ON OUR DAILY START-UP COST AND GIVES US THE ABILITY TO QUICKLY EXPAND OUR CAPACITY TO 50 TO 60 HOUR WEEKS BY GOING TO A 5 OR 6 DAY WORK WEEK.

AS PART OF THE DEFENSE MANAGEMENT REVIEW PROCESS, THE ARMY IS DEVELOPING PLANS TO CONSOLIDATE DEPOT MAINTENANCE WORKLOADS AIMED AT ACHIEVING GREATER ECONOMIES AND EFFICIENCIES. THESE CONSOLIDATIONS INVOLVE BOTH INTERNAL REDISTRIBUTION OF WORK AND INCREASED INTERSERVICING OF ITEMS WHICH ARE COMMON TO MORE THAN ONE SERVICE. THE CONSOLIDATIONS THAT ARE BEING CONSIDERED ARE TARGETED TO INCREASE THE CAPACITY UTILIZATION OF SERVICE DEPOTS AND ELIMINATE DUPLICATE CAPABILITIES IN DOD FACILITIES. THE CONSOLIDATION WHICH APPEARS TO OFFER THE BEST PAYBACK ON INVESTMENT IS COMMUNICATIONS/ELECTRONIC ITEMS. THE PACE AND METHOD BY WHICH THESE CONSOLIDATIONS WILL PROCEED CONSIDERS THE READINESS NEEDS OF THE SERVICES AS WELL AS THE SEPARATE SERVICE PREROGATIVE TO CONTROL THEIR INDIVIDUAL SUSTAINMENT NEEDS. THE GENERAL DOWNSIZING OF THE DEPOT MAINTENANCE OPERATION COUPLED WITH THESE CONSOLIDATIONS WILL PRODUCE INCREASED CAPACITY UTILIZATION OF OUR FACILITIES AND LOWER THE EXPENSE RATES TIED TO DIRECT LABOR HOURS.

AS A RESULT OF THE RECOMMENDATIONS IN THE BASE REALIGNMENTS AND CLOSURE REPORT, WE HAVE BEGUN TO CONSOLIDATE MANY OF OUR COMMUNICATIONS/ELECTRONIC DEPOT OVERHAUL FUNCTIONS AT TOBYHANNA ARMY DEPOT. BY THE TIME THE LEXINGTON,

KENTUCKY FACILITY IS PHASED-OUT IN FY95 TOBYHANNA WILL BE ABLE TO PICK-UP THE EXTRA WORKLOAD AND WE PROJECT AN INCREASE IN EFFICIENCY THROUGH ECONOMY OF SCALE.

REALIGNMENT OF DEPOTS AND AMMO PLANTS WILL PROVIDE ECONOMIES OF SCALE FROM THE CONSOLIDATIONS. FLEXIBLE MANUFACTURING AT DEPOTS AND ARSENALS BACKED WITH CAD/CAM NETWORKS WILL ALLOW THE ARMY MATERIEL COMMAND TO MANUFACTURE AND/OR FABRICATE PARTS WHICH CANNOT BE OBTAINED FROM INDUSTRY SUCH AS THE NIGHT VISION ADAPTORS FOR THE SQUAD AUTOMATIC WEAPON (SAW). ANNISTON ARMY DEPOT WAS REQUESTED TO FABRICATE THESE ADAPTORS BECAUSE CONTRACTORS COULD NOT MEET THE TIGHT SCHEDULE. A KEY FACTOR TO ANNISTON'S QUICK RESPONSE WAS EXTENSIVE USE OF THEIR APPLICON CAD/CAM SYSTEM TO DESIGN, PROGRAM, AND PRODUCE NUMERICALLY CONTROLLED TAPES FOR NOT ONLY THE SAW PARTS, BUT ALSO THE TOOLING AND DIES TO PRODUCE THE PARTS. OTHER THAN STAMPING OUT THE SHEET METAL BLANKS AND MINIMAL WELDING, ALL PARTS WERE SUPPORTED BY THE CAD/CAM SYSTEM. IN TOTAL, ANNISTON FABRICATED 14,000 BRACKETS WHICH WERE FORWARDED TO FIELD UNITS FOR INSTALLATION ON THE SAW.

PERFORM POST DEPLOYMENT SOFTWARE ENGINEERING

LIFE CYCLE SOFTWARE ENGINEERING (LCSE), ALSO FUNDED BY P7M, IS THE PROGRAM THROUGH WHICH WE PERFORM POST DEPLOYMENT SOFTWARE SUPPORT (PDSS). THIS PROGRAM ALLOWS US TO MAINTAIN THE BASELINE CAPABILITY OF OUR INCREASINGLY SOFTWARE DEPENDENT WEAPON SYSTEM AND OTHER EQUIPMENT. BECAUSE OF INCREASING SOFTWARE COSTS, THE GROWTH OF PDSS AND THE ASSOCIATED READINESS IMPACT, WE ESTABLISHED CENTERS AT 4 OF OUR MAJOR SUBORDINATE COMMANDS (MSCS) - CECOM, AMCCOM, MICOM AND AVSCOM. APPROXIMATELY 95 SYSTEMS ARE CURRENTLY SUPPORTED. IN ORDER TO PERFORM PDSS ON THE 92 FIELDIED SYSTEMS, EACH LCSE CENTER MUST HAVE THE RESOURCES TO MAINTAIN A SOFTWARE ENGINEERING SUPPORT ENVIRONMENT NEEDED TO CORRECT PROBLEMS AND DEVELOP IMPROVEMENTS TO MEET THE READINESS AND SUSTAINMENT REQUIREMENTS.

IN RECENT YEARS WE HAVE SEEN MORE AND MORE SOFTWARE USED IN WEAPON SYSTEMS. THE M60 TANK WHICH WAS THE MAIN BATTLE TANK OF THE 60'S HAD NO EMBEDDED DIGITAL COMPUTERS. ITS SUCCESSOR, THE M1 ABRAMS HAS NUMEROUS COMPUTER CONTROLLED SYSTEMS AND IS A FAR SUPERIOR WEAPON AS A RESULT OF ITS EMBEDDED COMPUTER TECHNOLOGY. FIRING ON THE MOVE IS ONE OF THE FEATURES MADE

POSSIBLE BY APPROXIMATELY 10,000 LINES OF SOFTWARE. THE BLOCK III UPGRADE TO THE M1 WILL HAVE ADDITIONAL EMBEDDED COMPUTERS WITH ASSOCIATED SOFTWARE RESULTING IN FURTHER INCREASES IN THE LETHALITY OF THE SYSTEM ON THE BATTLEFIELD. EMBEDDED COMPUTERS ARE ALSO ENHANCING OUR CAPABILITY IN COMMAND AND CONTROL. AS WE REDUCE THE SIZE OF THE ARMY WE ARE INCREASINGLY RELYING ON COMPUTER TECHNOLOGY TO ASSIST FIELD COMMANDERS IN FORECASTING ENEMY INTENTIONS, LOCATING TARGETS AND CONTROLLING WEAPONS. THESE SAME SYSTEMS ALLOW OUR COMMANDERS TO RAPIDLY SHARE INFORMATION OVER GREAT DISTANCES AND EXERCISE CONTROL OVER DISPERSED FORCES ON THE BATTLEFIELD.

AS NOTED ABOVE, PDSS FUNDING IS CONTAINED IN THE OMA P7 MAINTENANCE ACCOUNT. IN FY90 I HAVE A CRITICAL UNFUNDED REQUIREMENT OF \$35M FOR PDSS, WHICH IS ONLY 2 PERCENT OF THE DEPOT MAINTENANCE PROGRAM. BECAUSE THE MAINTENANCE FLOOR ON THE OMA P7 ACCOUNT RESTRICTS MY FLEXIBILITY TO REPROGRAM, I AM UNABLE TO MEET THIS CRITICAL UNFUNDED REQUIREMENT, EVEN THOUGH THIS PORTION OF LCSE CAN BE REGARDED AS "ESSENTIAL DEPOT MAINTENANCE" OF A VITAL COMPONENT OF MODERN WEAPON SYSTEMS - THE SOFTWARE. MY STAFF AND I ARE CURRENTLY WORKING WITH THE ARMY STAFF TO RESOLVE THE PROBLEM.

WE HAVE TAKEN THE LEAD IN DEVELOPING A NUMBER OF INITIATIVES THAT WILL REDUCE THE OVERALL COSTS OF SOFTWARE. WE ARE EMPLOYING THE ADA PROGRAMMING LANGUAGE AS OUR PRINCIPAL DEVELOPMENT LANGUAGE AND WE HAVE RESTRUCTURED OUR FUNDING POLICY TO BETTER DETERMINE THE COST OF DEVELOPING AND MAINTAINING SOFTWARE.

DURING A PERIOD OF SHRINKING BUDGETS AND INCREASINGLY COMPLEX WEAPON SYSTEMS WHICH ARE MORE SOFTWARE DEPENDENT; THE ARMY IS COMMITTED TO ENSURING QUALITY SOFTWARE IS DEVELOPED WHICH CAN BE ECONOMICALLY MAINTAINED THROUGHOUT A WEAPONS OPERATIONAL LIFE.

CALIBRATE AND REPAIR TEST EQUIPMENT

TEST, MEASUREMENT, AND DIAGNOSTIC EQUIPMENT (TMDE) IS USED IN ALL ARMY MISSION AREAS. IT IS CRITICAL TO OUR R&D AND PRODUCTION EFFORTS AND ULTIMATELY TO THE OPERATION AND MAINTENANCE OF ALL WEAPON SYSTEMS. THE 750,000 ITEMS OF TMDE RANGE FROM ITEMS AS SIMPLE AS POCKET DEVICES TO DETECT RADIATION EXPOSURE TO COMPLEX AUTOMATED TEST SYSTEMS. NEARLY 1,000 AMC

SOLDIERS CALIBRATE AND REPAIR THIS EQUIPMENT FROM GERMANY TO PANAMA TO KOREA.

DURING THE PAST DECADE, THE ARMY, TMDE SUPPORT STRUCTURE AND MANAGEMENT RESPONSIBILITIES WERE COMBINED INTO A SINGLE "ONE STOP" SERVICE-ORIENTED, ORGANIZATION UNDER AMC. FURTHER REALIGNMENTS ESTABLISHED AN ARMY EXECUTIVE AGENT FOR TMDE AND BROUGHT STANDARD TMDE DEVELOPMENT AND ACQUISITION UNDER CENTRALIZED CONTROL. AS PART OF BASE REALIGNMENT AND CLOSURE (BRAC) AND DMR INITIATIVES, WE HAVE BEGUN A FURTHER CONSOLIDATION EFFORT. THIS OVERALL PROCESS HAS SIGNIFICANTLY IMPROVED THE AVAILABILITY OF MODERN, ACCURATE AND RELIABLE TMDE FOR SUPPORT OF ALL ARMY MISSIONS WHILE SIGNIFICANTLY REDUCING OPERATING AND SUPPORT COSTS.

PROVIDE TECHNICAL ASSISTANCE AND TRAINING TO THE FIELD

OUR TECHNICAL ASSISTANCE AND TRAINING IS CONDUCTED UNDER TWO PROGRAMS, THE LOGISTICS ASSISTANCE PROGRAM AND OUR MAINTENANCE SUPPORT ACTIVITIES - PRIMARILY P7M FUNDED.

OUR LOGISTICS ASSISTANCE REPRESENTATIVES ARE 1300 STRONG IN 60 LOCATIONS WORLDWIDE. THEY ADVISE AND ASSIST ACTIVE AND RESERVE COMPONENT SOLDIERS IN THE OPERATION, SUPPLY AND MAINTENANCE OF THEIR INCREASINGLY COMPLEX SYSTEMS. THEY ARE AMC'S FACE TO THE FIELD. THEY ARE A VITAL LINK TO A WARFIGHTING FORCE IN OBTAINING INTELLIGENCE ON A MYRIAD OF LOGISTICS QUESTIONS AND CONCERNS. DURING OPERATION "JUST CAUSE" OUR LOGISTICS ASSISTANCE REPRESENTATIVES PERFORMED AS A RESPONSIVE TEAM TO THE CRITICAL DEMANDS OF OUR SOLDIERS IN PANAMA. THE LOGISTICS ASSISTANCE PROGRAM REPRESENTS A SMALL PERCENTAGE OF THE AMC BUDGET BUT THE INVESTMENT PRODUCES LARGE RETURNS TO THE ARMY.

OUR MAINTENANCE SUPPORT ACTIVITIES FOCUS PRIMARILY ON SUPPORT TO THE FIELD FORCES AND SERVE TO MAXIMIZE EQUIPMENT READINESS AND PERFORMANCE. AS I ADDRESSED EARLIER, THIS PROGRAM IS CRITICAL TO THE FIELDING OF NEW SYSTEMS AND EQUIPMENTS. MAINTENANCE SUPPORT ACTIVITIES PROVIDE:

- o TECHNICAL ASSISTANCE NEEDED TO SUPPORT EQUIPMENT DURING AND AFTER FIELDING.
- o NEW EQUIPMENT TRAINING FOR UNITS RECEIVING EQUIPMENT
- o CURRENT PUBLICATIONS

O ENGINEERING SUPPORT THROUGHOUT THE LIFE CYCLE OF ARMY SYSTEMS TECHNICAL ASSISTANCE IS ACCOMPLISHED THROUGH THE LOGISTICS ASSISTANCE PROGRAM DISCUSSED ABOVE AS WELL AS CONTRACT PERSONNEL. THIS ASSISTANCE PROVIDES EXPERIENCED LOGISTICIANS AND OTHER PERSONNEL TO HELP IMPROVE AND SUSTAIN FORCE READINESS.

AMC HAS 48 NEW EQUIPMENT TRAINING (NET) TEAMS PRESENTLY IN THE FIELD ENSURING THAT THE NECESSARY TRAINING AND REQUIRED SKILLS TO OPERATE AND REPAIR FIELDIED EQUIPMENT ARE PROVIDED TO OUR TROOPS.

AT THE END OF FY89 AMC MAINTAINED A LIBRARY OF 26,409 EQUIPMENT PUBLICATIONS, AN INCREASE OF 1.8 PERCENT FROM THE PREVIOUS YEAR. THE BULK OF THESE ARE TECHNICAL MANUALS WHICH PROVIDE OPERATING AND MAINTENANCE INSTRUCTIONS TO OUR SOLDIERS IN THE FIELD. A TOTAL OF 907 NEW PUBLICATIONS WERE ADDED AND 440 OBSOLETE PUBLICATIONS WERE RESCINDED. IN ADDITION, THE UPKEEP OF THIS LIBRARY REQUIRED CHANGES AND REVISIONS TO 2,219 PUBLICATIONS.

AS PART OF THE ENGINEERING SUPPORT THE ARMY SAMPLE DATA COLLECTION PROGRAM COLLECTED AND ANALYZED FIELD PERFORMANCE AND FAILURE DATA ON 54 HIGH-INTEREST ARMY END ITEMS. THE DATA AND ANALYSES WERE PROVIDED TO ENGINEERING, PRODUCT ASSURANCE, PROJECT MANAGER, WHOLESALE LOGISTICS, RESEARCH, AND FIELD ACTIVITIES FOR USE IN IMPROVING EQUIPMENT DESIGN, IMPROVING MANUFACTURING AND OVERHAUL PROCESSES, UPDATING MAINTENANCE PROCEDURES, FOCUSING INDIVIDUAL AND UNIT TRAINING ON CRITICAL AREAS, AND IMPROVING OTHER SUPPORT TO CURRENT AND FUTURE SYSTEMS.

MAINTENANCE SUPPORT ACTIVITIES CONTINUE TO BE UNDERFUNDED. AS DISCUSSED PREVIOUSLY, THIS IS ONE PRODUCT OF THE ARTIFICIAL DEPOT MAINTENANCE FLOOR. REMOVAL OF THIS FLOOR WOULD PROVIDE AMC WITH THE FLEXIBILITY TO PROVIDE THE ARMY WITH A VIABLE, COST SAVING, SUPPORT PROGRAM. AMC'S CHALLENGE IS TO MANAGE ITS MAINTENANCE SUPPORT ACTIVITIES RESOURCES IN A MORE JUDICIOUS MANNER THAN EVER BEFORE TO PRECLUDE SERIOUS READINESS IMPACTS. YOU CAN HELP ME BY RELAXING THE DEPOT MAINTENANCE FLOOR CONSTRAINT.

THE INCREASING COMPLEXITY OF MODERN EQUIPMENT EXPANDS AMC'S DEPENDENCE ON CONTRACTOR SUPPORT FOR TECHNICAL AND MAINTENANCE ASSISTANCE. THIS SUPPORT IS COSTLY AND WILL NOT BE AVAILABLE IN MANY CASES DURING CONFLICT. WE MINIMIZE THIS IMPACT BY MAINTAINING A HIGHLY SKILLED ORGANIC WORKFORCE CAPABLE OF PERFORMING THESE FUNCTIONS.

OUR GOAL IS TO TRANSITION, OVER TIME, TO A PAPERLESS PUBLICATIONS SYSTEM. THROUGH THE USE OF ELECTRONIC MEDIA, PRINCIPALLY UNDER THE COMPUTER AIDED LOGISTICS SYSTEM (CALS) PROGRAM, TECHNICAL DATA CAN BE TRANSMITTED DIRECTLY FROM THE DEVELOPING AMC COMMAND TO THE FIELD UNIT. FIRST, HOWEVER, WE MUST DEVELOP OUR TECHNICAL DATA IN A DIGITIZED FORMAT CAPABLE OF BEING STORED IN A COMPUTER.

THE SAMPLE DATA COLLECTION PROGRAM MUST MAXIMIZE BENEFITS THROUGH INTEGRATING WHERE POSSIBLE WITH STANDARD ARMY LOGISTICS SYSTEMS, FOCUSING DATA COLLECTION ON CRITICAL INFORMATION NEEDS, AND IDENTIFYING AND IMPLEMENTING WAYS TO CUT PROGRAM COSTS.

MISSION 6

MAINTAIN THE MOBILIZATION CAPABILITIES NECESSARY TO SUPPORT THE ARMY IN EMERGENCIES

THE AMC MISSION FOR EQUIPMENT SUSTAINMENT OF THE FIGHTING FORCE IN WARTIME IS CRITICAL TO THE SUCCESS OF ANY OPERATION. AMC ALSO INSURES THE CONTINUATION OF THE LOGISTICS PIPELINE IN A NUMBER OF WAYS. IN ADDITION TO OUR MOBILIZATION CAPACITY AT DEPOTS, AMMUNITION PLANTS, AND ARSENALS, WE ALSO MAINTAIN AN INDUSTRIAL BASE CAPABLE OF MEETING CONTINGENCY REQUIREMENTS. THIS BASE COUPLED WITH APPROPRIATE LEVELS OF WAR RESERVE STOCKS ASSURES THAT THE U.S. ARMY'S FIGHTING FORCE IS PREPARED AND SUSTAINED IN COMBAT. I WILL BRIEFLY DISCUSS OUR PRINCIPAL TASKS IN CARRYING OUT THIS MISSION.

MAINTAIN STANDBY DEPOT MAINTENANCE CAPACITY

STANDBY CAPACITY IS AN IMPORTANT REASON FOR THE EXISTENCE OF OUR ARMY DEPOTS. IN THE EVENT OF MOBILIZATION, OUR DEPOTS ARE THE ARMY'S PRIMARY SOURCE FOR MAINTENANCE SUPPORT UNTIL INDUSTRY IS ABLE TO MEET OUR NEEDS.

HAVING SUFFICIENT MAINTENANCE CAPABILITY AND CAPACITY MEANS RETAINING AN ADEQUATE SKILL BASE FOR MAINTAINING OUR EXISTING EQUIPMENT, AND PROVIDING A BASELINE LEVEL WE WOULD USE TO EXPAND TO MEET OUR MOBILIZATION NEEDS. BUDGET CONSTRAINTS WILL REDUCE OUR CAPABILITY, BUT WE EXPECT TO RETAIN OUR EXPERTISE. WE ARE EXAMINING WAYS TO FUND MOBILIZATION REQUIREMENTS MUCH LIKE THE TECHNIQUES USED FOR INACTIVE AMMUNITION PLANTS. SPECIFICALLY, WE SHOULD NOT

CHARGE MOBILIZATION REQUIREMENTS TO ON-GOING DEPOT PROGRAMS.

WE MUST CONTINUE TO EFFECTIVELY BALANCE PEACETIME WORKLOADS TO ENSURE AN OPTIMUM STATE OF MATERIEL READINESS AND SUSTAINABILITY WHILE OBTAINING THE MOST EFFECTIVE AND EFFICIENT USE OF RESOURCES.

MAINTAIN INACTIVE AMMUNITION PLANTS AND TESTING FACILITIES

THERE ARE CURRENTLY 24 (14 ACTIVE AND 10 INACTIVE) GOVERNMENT OWNED, CONTRACTOR OPERATED (GOCO) AMMUNITION PLANTS. AS A RESULT OF THE INDEPENDENT STUDY OF THE AMMUNITION PRODUCTION BASE, REFERRED TO EARLIER, WE PROPOSE TO LAYAWAY AN ADDITIONAL SIX AMMUNITION PLANTS THROUGH FY94. THIS IS WARRANTED BY THE DECLINE IN THE THREAT ALONG WITH FORCE STRUCTURE REALIGNMENT, THE TREND TOWARD THE DEVELOPMENT OF MORE EFFECTIVE "SMART" MUNITIONS, AND BUDGET CONSTRAINTS. THE ARMY WILL CONTINUE TO WORKLOAD ALL GOCO FACILITIES BASED ON THE ANNUAL AMMUNITION PROCUREMENT APPROPRIATION. PRUDENT DECISIONS WILL BE MADE TO CONSOLIDATE WORKLOAD AMONG PLANTS WITH LIKE CAPABILITIES AND RECOMMEND PLANT CLOSURES AS REQUIRED. THE FUNDING TECHNIQUES ADOPTED BY THE CONGRESS LAST YEAR WILL ADEQUATELY PROVIDE FOR MAINTENANCE OF THESE PLANTS AND GIVE VISIBILITY TO THE MOBILIZATION READINESS MISSION.

WE BELIEVE, THAT ALTHOUGH THE AMMUNITION PRODUCTION BASE WILL BE SMALLER, IT WILL BE ABLE TO SUPPORT OUR NATIONAL SECURITY OBJECTIVES AND ASSURE WARFIGHTING CAPABILITY.

MAINTAIN STANDBY ARSENAL CAPACITY

OUR ARMY ARSENALS ARE THE THIRD ELEMENT IN OUR ORGANIC MOBILIZATION CAPABILITY.

AS A RESULT OF RENOVATION OVER THE LAST SEVERAL YEARS, WATERVLIET AND ROCK ISLAND ARSENALS ARE SHOWING A RETURN ON INVESTMENT OF 25 PERCENT WITH SIGNIFICANT IMPROVEMENTS IN RESPONSIVENESS TO SURGE AND MOBILIZATION REQUIREMENTS. WATERVLIET ARSENAL RECEIVED AN OSD VALUE ENGINEERING AWARD IN 1988 AND A PRESIDENTIAL QUALITY MANAGEMENT AWARD IN 1989. OTHER ARSENALS AND INSTALLATIONS ARE EXPECTED TO FOLLOW SUIT IN TERMS OF INCREASED CAPACITY, PRODUCTIVITY AND RESPONSIVENESS. SIMILAR EFFICIENCIES ARE EXPECTED TO BE GAINED IN OUR DEPOT SYSTEM BY RENOVATION AND UPGRADE OF MAINTENANCE ACTIVITIES BY MEANS OF READY 2000, WHICH I WILL ADDRESS IN MISSION SEVEN.

MAINTAIN AND STORE A PRESCRIBED LEVEL OF WAR RESERVE STOCKS

AS YOU KNOW, WAR RESERVES ARE THOSE STOCKS STORED AND MAINTAINED TO SUSTAIN A FIGHTING FORCE IN THE INITIAL DAYS OF CONFLICT.

THE ARMY HAS IMPROVED ITS ABILITY TO SUPPORT OUR FORCES WITH AN APPRECIABLE INCREASE IN THEATER RESERVES OF AMMUNITION, SPARES AND MAJOR ITEMS IN THE LAST DECADE. BECAUSE OF THE MAJOR CHANGES IN OUR FORCE STRUCTURE, WE WILL HAVE TO RECOMPUTE WAR RESERVE STOCKAGE LEVELS. WHAT APPEARED LAST YEAR TO BE UNDERRESOURCED MAY TURN OUT TO HAVE BEEN ACCURATE.

MAINTAIN A MANUFACTURING CAPACITY TO MEET THE THREAT OF WAR

BEFORE I ADDRESS THE U.S. INDUSTRIAL BASE, LET ME FIRST SPEAK TO OUR COPRODUCTION AND SALES WITH OUR SECURITY ASSISTANCE CUSTOMERS. A SIGNIFICANT RESULT OF THE MILITARY EXPORT SALES AND COPRODUCTION PROGRAMS THAT SUPPORT SECURITY ASSISTANCE ARE THE ECONOMIC BENEFITS GAINED IN THE U.S. INDUSTRIAL BASE. FOR THAT REASON ALONE, IT WOULD APPEAR THAT THESE PROGRAMS SHOULD ENJOY THE CONGRESS' ENTHUSIASTIC SUPPORT.

IN FY89, THE PROJECTED DOLLAR VALUE OF NEW CASES IN THE U.S. ARMY FOREIGN MILITARY SALES (FMS) PROGRAM MORE THAN DOUBLED TO A TOTAL OF \$4.5B IN NEW ORDERS. THIS INCREASE IS ATTRIBUTABLE TO THE SALE OF BRADLEY VEHICLES TO SAUDI ARABIA AND THE M1A1 TANK COPRODUCTION EFFORT WITH EGYPT. IN FY90, THE VALUE OF NEW FMS ORDERS COULD REACH ALMOST \$7B. AS YOU KNOW, BECAUSE OF THE CHANGING WORLD SITUATION AND RESULTING DEFENSE REDUCTIONS, THE ARMY IS CONSIDERING CLOSING ITS M1A1 TANK PRODUCTION PLANTS. HOWEVER, APPROVED AND POTENTIAL SALES TO EGYPT AND SAUDI ARABIA, COUPLED WITH "BUDDING" INTEREST FROM OTHER FRIENDLY NATIONS, WILL AID IN EXTENDING THE LIFE OF THE PRODUCTION BASE.

THE UNITED STATES HAS AN ENVIABLE REPUTATION IN THE WORLD AS A PRODUCER OF QUALITY EQUIPMENT. WE CAN EXPECT NATIONS WILL WANT TO CONTINUE TO MODERNIZE THEIR EQUIPMENT AND THAT THEY WILL BUY FROM SOMEONE. IT IS IN OUR INTEREST, IT SEEMS TO ME, TO BE THEIR SUPPLIERS SO THAT WE CAN MAINTAIN AN ADEQUATE DEFENSE INDUSTRIAL BASE AS A HEDGE AGAINST THE UNCERTAINTIES OF THE WORLD POLITICAL SITUATIONS, NOT TO MENTION, HELP OUR TRADE BALANCE.

ANOTHER SECURITY ASSISTANCE ACTIVITY THAT HELPS OUR MOBILIZATION BASE AND

IMPROVES U.S. RELATIONSHIPS WITH OTHER NATIONS IS COPRODUCTION. THIS ENABLES AN ELIGIBLE FOREIGN GOVERNMENT TO ACQUIRE THE "KNOW-HOW" TO MANUFACTURE OR ASSEMBLE A WEAPON SYSTEM FOR ITS OWN FORCES. CURRENTLY, WE HAVE 28 ACTIVE COPRODUCTION PROGRAMS IN 14 DIFFERENT COUNTRIES. THE TOTAL VALUE OF THE GOODS AND SERVICES INCLUDED IN THESE PROGRAMS IS APPROXIMATELY \$14B. IN A PERIOD OF MOBILIZATION, WE WOULD CONTACT OUR FRIENDS AND ALLIES TO SUPPORT OUR DEFENSE REQUIREMENTS FROM THEIR PRODUCTION LINES THAT WERE ESTABLISHED THROUGH OUR ONGOING COPRODUCTION PROGRAMS. THEIR SUPPORT COULD BE PARTICULARLY SIGNIFICANT IN SHORTENING THE TIME NEEDED TO REACH WARTIME PRODUCTION RATES.

NOW, LET ME ADDRESS THE U.S. MANUFACTURING BASE CAPACITY. OUR OWN INDUSTRIAL RESPONSIVENESS IS A NECESSARY VITAL COMPONENT OF THE NATION'S DEFENSE. WITH THE LIMITATIONS PLACED ON MILITARY FORCES AND MATERIEL IN PEACETIME, THE UNITED STATES MUST HAVE INTERNAL ABILITY TO RAPIDLY INCREASE PRODUCTION OF CRITICAL MILITARY MATERIEL.

INDUSTRIAL RESPONSIVENESS MUST BE PLANNED. THE PROCESS HAS BEEN DEVELOPED OVER TIME AND PROVIDES THE BASIS FOR AN ORDERLY AND EFFECTIVE TRANSITION OF THE INDUSTRIAL BASE FROM A COMMERCIAL PEACETIME ENVIRONMENT TO AN EMERGENCY SUPPORT ROLE WITH MINIMUM DELAY AND DISRUPTION. A MAJOR PORTION OF THE INDUSTRIAL PREPAREDNESS PLANNING FUNCTION IS TO DEVELOP PLANS WITH INDUSTRY FOR PRODUCTION OF CRITICAL ITEMS.

WE HAVE REPLACED THE VOLUNTARY INDUSTRY PLANNING SYSTEM WITH A BINDING ARRANGEMENT CALLED PRODUCTION PLANNING SCHEDULE CONTRACTS. THE FIRST TWO BINDING CONTRACTS UNDER THIS SYSTEM WERE SIGNED IN JANUARY, 1990. THESE CONTRACTS WILL PROVIDE A PRODUCTION BASE ANALYSIS WHICH IS A SUMMARY OF THE STATUS OF THE INDUSTRIAL BASE CAPABILITY TO MEET A SURGE OR MOBILIZATION REQUIREMENT.

THE PERFORMANCE OF THE U.S. INDUSTRIAL BASE DURING MOBILIZATION IS INFLUENCED BY THE ADVANCED TECHNOLOGY INTRODUCED DURING PEACETIME. THE MANUFACTURING TECHNOLOGY (MANTECH) PROGRAM AND INDUSTRIAL MODERNIZATION INCENTIVES PROGRAM (IMIP) PROVIDE INDUSTRY INCENTIVES AND GOVERNMENT COST SHARING TO HELP ENSURE THAT THE INDUSTRIAL BASE HAS THE FLEXIBILITY AND CAPABILITY TO PRODUCE QUALITY AND COST EFFECTIVE MATERIEL IN PEACETIME AND RESPOND IN AN EMERGENCY. THE ARMY HAS RESTRUCTURED ITS MANTECH PROGRAM TO FOCUS ON CRITICAL TECHNOLOGIES AND LEVERAGE RESOURCES WITH INDUSTRY, ACADEMIA

AND OTHER GOVERNMENT AGENCIES.

THE ARMY IMIP PROGRAM SUPPORTS THE REDUCTION OF COST AND INCREASE IN QUALITY FOR MATERIEL. THE FIRST PHASE INVOLVES SHARING THE EXPENSE OF THE FACTORY-WIDE (AS IS) ANALYSIS OF PRODUCTION CAPABILITIES. THE SECOND PHASE INVOLVED SHARING THE EXPENSE OF A DETAILED DESIGN, DEVELOPMENT AND VALIDATION (TO BE) OF A MODERNIZED FACILITY. PHASE THREE IS THE ACTUAL IMPLEMENTATION WHICH IS FUNDED BY THE CONTRACTOR. PRIOR MODERNIZATION EFFORTS AT THE STRATFORD ARMY ENGINE PLANT RESULTED IN A NEGOTIATED COST REDUCTION OF \$120M FOR A \$46M ARMY INVESTMENT.

OUR GOAL IN INDUSTRIAL RESPONSIVENESS IS THE ACHIEVEMENT OF MAXIMUM RESULTS IN A REDUCED FUNDING ENVIRONMENT, WHILE CAPITALIZING ON RENEWED INTEREST BY INDUSTRY IN MANTECH AND OTHER INCENTIVE PROGRAMS.

MISSION 7

CONTINUE TO IMPROVE PRODUCTIVITY AND QUALITY OF LIFE

THIS MISSION AREA CONTAINS SEVERAL IMPORTANT TASKS THAT GO TO THE HEART OF ARMY'S ABILITY TO SUSTAIN ITSELF IN WAR. THOSE TASKS ARE NOT GLAMOUROUS BUT ESSENTIAL TO MAINTAIN THE ARMY'S AND INDUSTRY'S COMPETITIVE EDGE.

MAKE PRODUCTIVITY ENHANCING CAPITAL INVESTMENTS

THE PRODUCTIVITY CAPITAL INVESTMENT PROGRAM (PCIP) IS AN ALTERNATIVE FUNDING MECHANISM FOR EQUIPMENT AND FACILITIES WHICH IS DESIGNED SPECIFICALLY FOR ENHANCING PRODUCTIVITY. PCIP SUPPORTS THE AMC MISSION BY COMPLEMENTING OUR MISSION FUNDING WITH "EXTRA FUNDS" FOR PRODUCTIVITY PRODUCING INVESTMENTS WHICH MIGHT NOT OTHERWISE BE FUNDED BECAUSE OF HIGHER PRIORITY MISSION REQUIREMENTS. SPECIFIC PRODUCTIVITY CAPITAL INVESTMENT FUNDING PROGRAMS INCLUDE: OFFICE OF THE SECRETARY OF DEFENSE PRODUCTIVITY INVESTMENT FUNDING (OSD PIF); PRODUCTIVITY ENHANCING CAPITAL INVESTMENT PROGRAM (PECIP); AND QUICK RETURN ON INVESTMENT PROGRAM (QRIP).

FROM FY87 TO END FY90, AMC'S TOTAL OBLIGATION AUTHORITY (TOA) WILL HAVE INCREASED BY APPROXIMATELY \$175M. WE HAVE VIRTUALLY RE-EQUIPPED THE ARMY'S LABORATORIES. SOME SPECIFIC FY90 INVESTMENT PROGRAMS INCLUDE: A \$251K WORKPLACE AUTOMATION INVESTMENT WITH AN ESTIMATED SAVINGS OF \$1.6M OVER 4

YEARS; A \$2.2M COMPUTER AIDED DESIGN-ENGINEERING (CAD-E) INVESTMENT FOR THE HARRY DIAMOND LAB, ESTIMATED ANNUAL SAVINGS EQUATES TO \$1.8M OR \$7.5M OVER 4 YEARS; A \$175K BENCH TOP DIAGNOSTIC TESTER FOR OUR COMMUNICATIONS & ELECTRONICS EFFORTS; ESTIMATED SAVINGS ARE \$3.1M OVER 4 YEARS. THE LIST OF PRODUCTIVITY IMPROVEMENT INVESTMENTS WITHIN AMC GOES ON AND ON.

THE CHALLENGE FOR THE ENHANCEMENT OF OUR CAPITAL INVESTMENT PROGRAM IS TO CONTINUE TO IDENTIFY AND PRIORITIZE OUR MOST CRITICAL NEEDS AS WELL AS CONTINUE TO EMPHASIZE AND COMMUNICATE THE BENEFITS OF OUR INVESTMENT INITIATIVES.

CAPITAL INVESTMENT FOR AIF ACTIVITIES

PRIOR TO FY90 ONE PURPOSE OF THE ASSET CAPITALIZATION PROGRAM (ACP) WAS TO PROVIDE FUNDING FOR PRODUCTIVITY IMPROVEMENTS IN THE AMC ARMY INDUSTRIAL FUND (AIF) DEPOTS AND ARSENALS. THE COSTS OF CAPITAL INVESTMENT/ASSETS WERE RECOVERED THROUGH THE INCLUSION OF DEPRECIATION EXPENSE IN THE RATES CHARGED TO ALL CUSTOMERS.

IN FY89, APPROXIMATELY \$56.6M WAS SPENT FOR CAPITAL INVESTMENTS. EXAMPLES INCLUDE: THE STANDARD DEPOT SYSTEM MODERNIZATION (SDS-MOD) FOR ALL DESCOM CONUS AND OCONUS DEPOTS; THE COMPUTER AIDED DESIGN/COMPUTER AIDED MANUFACTURING (CAD/CAM) NETWORK SYSTEM AT ANNISTON ARMY DEPOT; AND A WASTE WATER SYSTEM FOR SLUDGE AT PINE BLUFF ARSENAL. CAPITAL INVESTMENTS PLANNED FOR FY90 ALSO APPROXIMATE \$56.6M. SOME OF THE MAJOR INVESTMENTS INCLUDE THE CONSTRUCTION OF A CONSOLIDATED MAINTENANCE FACILITY AT TOOEE ARMY DEPOT; AN AUTOMATED STORAGE AND RETRIEVAL SYSTEM AT WATERVLIET ARSENAL AND A MIGRAD MIXING SYSTEM AT PINE BLUFF ARSENAL.

EFFECTIVE IN FY90, THE ACP IS ELIMINATED AND CAPITAL INVESTMENTS FOR THE AIF DEPOTS AND ARSENALS WILL COMPETE WITH ALL ARMY PROCUREMENTS. AS THE DOD FUNDING AND MANPOWER LEVELS CONTINUE TO DECLINE, WE MUST ENSURE THE ARMY'S PROGRAMMING AND BUDGETING DECISIONS CONTINUE TO REFLECT ADEQUATE FUNDING LEVELS FOR PRODUCTIVITY IMPROVEMENT/INVESTMENTS FOR OUR DEPOT AND ARSENAL FACILITIES AND EQUIPMENT.

MODERNIZE INDUSTRIAL AND RDT&E FACILITIES

RENOVATION OF ARMY DEPOTS FOR THE YEAR 2000 (READY 2000) WILL MODERNIZE

SUPPLY AND MAINTENANCE DEPOTS TO KEEP PACE WITH TECHNOLOGY AND NEW WORKLOAD. HOWEVER, AFFORDABILITY OVER THE YEARS HAS BEEN A CONSTRAINT AND HAS NOT ALLOWED US TO IMPROVE THE NECESSARY DEPOT MAINTENANCE FOR THE ENTIRE ARMY.

I AM COMMITTED TO IMPROVE THE DEPOT INFRASTRUCTURE. MY STAFF HAS DEVELOPED INNOVATIVE IDEAS AND APPROACHES IN AN EFFORT TO MODERNIZE THE DEPOTS. SOME OF THE RECOMMENDATIONS INCLUDE: THIRD PARTY CAPITAL; STREAMLINING CORE DEPOT FUNCTIONS; AND UTILIZING COMMERCIAL MAINTENANCE PRACTICES WHERE THEY MAKE SENSE. SOME OF THESE IDEAS WILL REQUIRE CHANGES IN RULES, LAWS AND POLICIES AND I WILL NEED YOUR SUPPORT.

THROUGH THE USE OF THIRD PARTY CAPITAL WE CAN ACCOMPLISH IMPROVEMENTS WITHOUT ADDING TO THE NATIONAL DEBT OR PIECEMEALING THIS URGENT REQUIREMENT. LARGE GOVERNMENT INVESTMENTS FOR FACILITIES CONSTRUCTION IN THE NEAR-TERM ARE REPLACED WITH LONG-TERM LEASE PAYMENTS FOR THE PRIVATELY CONSTRUCTED FACILITIES. SAVINGS IN PRODUCTIVITY AND EFFICIENCY FROM USING MODERNIZED FACILITIES AS COMPARED TO THE CURRENT OBSOLETE FACILITIES WOULD COVER THE COST OF LEASE PAYMENTS AND PROVIDE SUBSTANTIAL SAVINGS TO THE ARMY.

COUPLED WITH THIS MODERNIZATION PROCESS, DEPOT OPERATIONS COULD BE STREAMLINED THROUGH THE USE OF COMMERCIAL MAINTENANCE PRACTICES OF FUNCTIONALLY SIMILAR COMMODITIES. THESE PRACTICES COULD REPLACE THE DETAILED PERFORMANCE SPECIFICATIONS AND REDUCE COSTS SIGNIFICANTLY.

FOR NEWER SYSTEMS WHICH ARE DEEMED APPROPRIATE FOR CONTRACTOR MAINTENANCE, MY CHALLENGE IS TO COLLOCATE THE CONTRACTOR AT A DEPOT SITE. THIS WOULD ASSURE THAT THE DEPOT COMPLEX WOULD NOT BECOME OBSOLETE THROUGH THE MIGRATION OF DEPOT MAINTENANCE TO CONTRACTORS' SITES SPREAD THROUGHOUT THE COUNTRY. IN ADDITION, COLLOCATION WOULD LESSEN CONCERN OVER COMPETITION OF THE DEPOTS WITH THE PRIVATE SECTOR, ESPECIALLY IF THE WORK IS RETAINED ON THE SITE.

AS MY PREDECESSOR REPORTED LAST YEAR, AN ANALYSIS PERFORMED BY THE BATTELLE PACIFIC NORTHWEST LABORATORIES EVALUATED AMC'S OPERATIONAL CONDITION AND NEEDS, CONSIDERING BOTH EQUIPMENT AND FACILITIES, AND INCORPORATING OUR "READY 2000" INITIATIVE. THE STUDY PROVIDED "ORDER OF MAGNITUDE" COST ESTIMATES IN FY90 DOLLARS OF \$7.1B TO "GET WELL" AND \$3.8B ANNUALLY TO "STAY WELL" THEREAFTER. WE HAVE FOUND THIS STUDY TO BE A GREAT HELP IN FORMULATING

LONG TERM INDUSTRIAL AND RDT&E FACILITIES MODERNIZATION PLANS THAT ADDRESS ALL FACETS OF OUR MISSION PERFORMANCE.

ONE AREA, WHICH CONTINUES TO RECEIVE EMPHASIS IN THE FY91 MCA PROGRAM, IS THE UPGRADING OF R&D FACILITIES. EXAMPLES ARE THE TOXICOLOGY RESEARCH LABORATORY AT ABERDEEN PROVING GROUND, ESTIMATED AT \$33M, AND THE DIRECTED ENERGY WEAPONS LABORATORY AT REDSTONE ARSENAL, ESTIMATED AT \$14.4M. OTHER SUPPORTING CRITICAL PROGRAMS ARE THE \$6.8M SATELLITE COMMUNICATIONS MAINTENANCE FACILITY AT TOBYHANNA ARMY DEPOT AND THE \$1.6M CHEMICAL DETECTION PAPER PRODUCTION FACILITY AT PINE BLUFF ARSENAL.

WE ARE FACED WITH MANY CHALLENGES AS AGED AND OUTDATED FACILITIES IN AMC CONTINUE TO HAVE DETRIMENTAL IMPACTS ACROSS ALL FACETS OF OUR LOGISTICS AND MATERIEL SUPPORT MISSIONS.

FACILITIES AND UTILITY SYSTEMS BUILT FOR THE OPERATIONS AND MISSIONS OF PRIOR YEARS LIMIT OUR ABILITY TO ADJUST TO THE HIGH-EFFICIENCY, HIGH-PRODUCTIVITY TECHNOLOGIES NOW AVAILABLE. ANTIQUATED LABORATORIES CANNOT ADEQUATELY SUPPORT THE SOPHISTICATED TECHNOLOGIES ASSOCIATED WITH CURRENT RESEARCH. SIMILARLY, WAREHOUSES DESIGNED FOR MANUAL LABOR AND PUSH CARTS CANNOT ACCOMMODATE AUTOMATED, HIGH-DENSITY STORAGE SYSTEMS.

AMC'S FY91 PROGRAM REFLECTS FUNDING FOR OUR INCREASING NEED FOR CHEMICAL DEMILITARIZATION FACILITIES. THE FY91 MCA PROGRAM PROVIDES \$76M FOR CHEM-DEMIL. IT IS VERY MISLEADING TO LOOK AT WHAT APPEARS TO BE A HEALTHY MCA PACKAGE FOR AMC WITHOUT CONSIDERING THE IMPACT OF CHEM-DEMIL OPERATIONS. RECOGNIZING THE INEVITABILITY OF DECLINING CONSTRUCTION PROGRAMS, WE ARE "RETOOLING" AMC'S LONG RANGE MCA STRATEGY TO FOCUS ON THE MOST CRITICAL LOGISTICS CHOKES POINTS AND AREAS WHERE LIMITED RESOURCES WILL PROVIDE THE GREATEST VALUE.

RESOURCE LEVELS OF REAL PROPERTY MAINTENANCE ACTIVITIES (RPMA) - THE OPERATION AND MAINTENANCE OF OUR PHYSICAL PLANT - PROVIDE FOR OUR HIGHEST PRIORITY CRITICAL ISSUES. INCREASINGLY STRICT ENVIRONMENTAL DEMANDS HAVE A MONUMENTAL IMPACT ON AMC'S CHEMICAL AND INDUSTRIAL OPERATIONS, AND DRAW HEAVILY ON AVAILABLE FUNDS. WORKING ON THE PREMISE THAT ENVIRONMENTAL CLEANUP EXPENSES SHOULD BE BORNE BY THE RESPONSIBLE MISSION PROGRAM, WE SOUGHT EMERGENCY CONGRESSIONAL REPROGRAMMING OF RDA DOLLARS. WE APPRECIATE THE

SUPPORT YOU PROVIDED LAST YEAR FOR OUR ENVIRONMENTAL & SAFETY PROJECT: THE ENVIRONMENTAL WORK AND BACKLOG AND MAINTENANCE AND REPAIR (BMAR) REQUIREMENTS THAT WE MUST DEFER FROM YEAR TO YEAR DO NOT GO AWAY. OUR FAILURE TO ACT, ALLOWS NATURE TO SPREAD POLLUTANTS AND ACCELERATE THE WEATHERING AND DETERIORATION OF OUR FACILITIES, SO THAT THE FINAL BILLS WE MUST PAY, AS WE ARE LEARNING NOW AT ROCKY MOUNTAIN ARSENAL, WILL BE MUCH HIGHER.

IMPLEMENT TOTAL QUALITY MANAGEMENT

AMC HAS APPLIED TOTAL QUALITY MANAGEMENT INITIATIVES SINCE 1987, WE EMPHASIZE TEAMWORK, TRAINING, PROCESS IMPROVEMENT, CUSTOMER FOCUS, AND COMMITMENT TO QUALITY IN EVERYTHING WE DO.

I AM PERSONALLY INVOLVED AND COMMITTED TO CONTINUOUSLY IMPROVING WHAT AMC DOES AND WHY. I FIRMLY BELIEVE THAT CULTURAL CHANGE IS AN INTEGRAL PART OF ACHIEVING A SHIFT IN THE CULTURE TO SUPPORT WHAT IS IMPORTANT AND OF VALUE. I AM COMMITTED TO CHALLENGING HOW WE DO BUSINESS AND WORKING TO IMPROVE ON THAT WHICH ADDS VALUE. THIS COMMITMENT AND INVOLVEMENT INCLUDES ALL OF MY SENIOR LEADERS. THIS IS AN ATTITUDE THAT PERVADES EVERYTHING WE DO.

AS I'VE NOTED BEFORE WE'VE TAKEN A THOROUGH LOOK AT WHAT WE DO - WHERE ARE THE RESOURCES AND PEOPLE BEING USED? WHAT PROCESSES ARE BEING DUPLICATED OR ARE OUT OF DATE? WHICH ONES CAN WE ELIMINATE? MOST IMPORTANTLY, HOW CAN WE IMPROVE WHAT WE DO - THE PROCESS? WE HAVE MADE GREAT HEADWAY AND ARE BEGINNING TO REAP REAL BENEFITS AT WATERVLIET ARSENAL, FOR INSTANCE. MANAGEMENT MADE A COMMITMENT TO TOTAL QUALITY MANAGEMENT. BASED ON AN INITIAL COST INVESTMENT OF \$100,000, THE INSTALLATION WAS ABLE TO REALIZE BENEFITS IN EXCESS OF \$12M. IN FY89, AMC INSTITUTED AN INNOVATIVE PROGRAM AT THE PINE BLUFF ARSENAL CALLED PRODUCTIVITY ENHANCEMENT, EFFECTIVENESS AND REWARDS (PEER). THE INSTALLATION SAVED \$4M - OVER 1300 EMPLOYEES RECEIVED A \$870 BONUS, AND \$2M AND 59 MANYEARS WERE TURNED BACK TO AMC.

OUR CONTRACTOR PERFORMANCE CERTIFICATION PROGRAM HAS BEEN EXTREMELY SUCCESSFUL. SEVEN CONTRACTORS HAVE ACHIEVED CERTIFICATION AND AN ADDITIONAL TWENTY-SIX ARE IN THE PROCESS OF BEING CERTIFIED. WE ARE SEEING AN IMPROVEMENT IN QUALITY AND DELIVERY AT THE SAME TIME GOVERNMENT COSTS FOR IN-PLANT GOVERNMENT PERSONNEL AND TRAVEL COSTS FOR PROCUREMENT PERSONNEL HAVE

DECREASED ON THE ORDER OF FIFTY PERCENT. WE'RE AIMING FOR LONG TERM SAVINGS, BUT THIS MAY INVOLVE SHORT TERM COSTS. I APPRECIATE YOUR CONTINUED SUPPORT IN THESE INITIATIVES.

AS PART OF OUR RECENT ACTIVITIES IN SUPPORT OF THE ARMY MANAGEMENT REVIEW, I HAVE ESTABLISHED A PROCESS ACTION TEAM TO IMPLEMENT THE BEST OF THE INITIATIVES TO STREAMLINE AND IMPROVE THE ACQUISITION PROCESS. THIS TEAM IS EXAMINING ALL ASPECTS OF THE PROCESS INCLUDING RESEARCH, DEVELOPMENT, TEST AND EVALUATION, PROCUREMENT AND DEPOT MAINTENANCE, AND HAS BEEN CHARTERED TO IMPLEMENT IMPROVEMENTS IN THE MOST RAPID MANNER. THIS INITIATIVE HAS THE POTENTIAL FOR SUBSTANTIAL SAVINGS IN FY91-95 BY CONSISTENT AND CONTINUOUS IMPROVEMENTS TO ACQUISITION AND INDUSTRIAL PROCESSES WITHIN THE ARMY AND OUR MAJOR CONTRACTORS AND SUPPLIERS. WE ARE ALSO WORKING DIRECTLY WITH OUR CONTRACTORS TO CONTINUE A DIALOGUE FOCUSED ON IMPLEMENTATION OF TOTAL QUALITY CONTROL IN OUR CONTRACTS.

ONE OF OUR PRIMARY MISSIONS IS TO CONTINUE TO IMPROVE PRODUCTIVITY AND QUALITY OF LIFE. IT IS THE OVERRIDING FOUNDATION ON WHICH ALL OTHERS REST, SINCE IT IS KEYED TO THE PRODUCTS AND SERVICES WE PROVIDE OUR CUSTOMERS. IT IS NOT A COINCIDENCE THAT FORT MONMOUTH, WHICH HAS AGGRESSIVELY IMPLEMENTED TOTAL QUALITY MANAGEMENT, WAS AWARDED THE COMMUNITY OF EXCELLENCE AWARD IN MAY 1989. TOTAL QUALITY MANAGEMENT MEANS INVOLVING ALL OF THE PEOPLE AS ONE TEAM, BASELINING WHAT WE DO TO CONFIRM THAT WE'RE ADDING VALUE, AND CONTINUOUSLY IMPROVING OUR PROCESSES. THIS IS HOW I SEE AMC SUCCEEDING.

MINIMIZE HAZARDOUS MATERIALS AND WASTE AND COMPLY
WITH ENVIRONMENTAL CLEAN-UP MANDATES

AMC'S MISSION REQUIRES THE STORAGE OF LARGE QUANTITIES OF HAZARDOUS SUPPLIES, EVERYTHING FROM FLAMMABLE AND EXPLOSIVE INDUSTRIAL GASES TO TOXIC PAINTS AND CORROSIVE BATTERY ACIDS; ALL OF WHICH A MODERN ARMY REQUIRES. TO RECEIVE, STORE, AND ISSUE THESE WITHOUT ENDANGERING THE ENVIRONMENT REQUIRES A SIGNIFICANT AMOUNT OF CONFORMING STORAGE, SOMETHING THAT WAS NOT ANTICIPATED WHEN MANY OF OUR DEPOTS AND WAREHOUSES WERE CONSTRUCTED IN THE 1940'S AND 50'S. TO IDENTIFY THE PROBLEM, WE COMMISSIONED A MAJOR ENGINEERING FIRM TO PERFORM A DETAILED SURVEY OF OUR DEPOT SYSTEM COMMAND STORAGE FACILITIES. WE DEVELOPED THEIR FINDINGS AND RECOMMENDATIONS INTO A COMPREHENSIVE PLAN TO

DESIGN AND ACQUIRE, THE NEEDED STORAGE. THE AMC FY90 BUDGET PROVIDES \$14M FOR HAZARDOUS SUPPLY STORAGE AT NEW CUMBERLAND, OUR DEPOT WITH THE GREATEST REQUIREMENT. AN ADDITIONAL \$68M IS PROGRAMMED FOR CONFORMING HAZARDOUS SUPPLY STORAGE DURING FY92-95 AND BEYOND. TO SUPPLEMENT THESE EFFORTS, WE HAVE ALSO INITIATED A NUMBER OF INTERIM FIXES SUCH AS REMOTE LOCATION STORAGE, LEAK-CONTAINING MEMBRANES AND THE USE OF ELEVATED BERMS AROUND HAZARDOUS STORAGE AREAS.

IN ADDITION TO OUR INTERIM FIXES FOR OUR STORAGE REQUIREMENT, WE ARE TAKING MEASURES TO MINIMIZE HAZARDOUS MATERIALS AND WASTE. WE HAVE UNDERWAY AN AGGRESSIVE HAZARDOUS MATERIALS AND HAZARDOUS WASTE MINIMIZATION PROGRAM, CALLED HAZMIN. HAZMIN IS DESIGNED TO REDUCE THE GENERATION AND DISPOSAL OF THESE SUBSTANCES AND TO MINIMIZE THE THREAT TO HUMAN HEALTH AND THE ENVIRONMENT.

GOALS WERE ESTABLISHED IN 1986 TO REDUCE GENERATION OF HAZARDOUS WASTE BY 50 PERCENT BY 1992, AND WE ARE AHEAD OF THE PACE TO MEET THAT GOAL. IN 1986 WE GENERATED 73 MILLION KILOGRAMS OF INDUSTRIAL TYPES OF HAZARDOUS WASTES; OUR GOAL FOR 1992 IS TO BE BELOW 37 MILLION KILOGRAMS; AT THE END OF 1988 WE WERE DOWN TO 49 MILLION KILOGRAMS.

WE ARE ALREADY LOOKING BEYOND 1992 AND HAVE SEVERAL INITIATIVES UNDERWAY TO ACHIEVE A GOAL OF ZERO DISCHARGE OF THESE SUBSTANCES TO THE ENVIRONMENT:

- WE ARE INTEGRATING HAZMIN CONSIDERATIONS INTO OUR WEAPONS SYSTEMS ACQUISITION PROGRAM REQUIREMENTS. IN FACT, THIS INCLUDES ALL ENVIRONMENTAL CONCERNS, NOT JUST HAZMIN.

- WE ARE DOING HAZMIN AUDITS AT OUR INDUSTRIAL PRODUCTION PROCESSES THAT ARE WASTE GENERATION SOURCES AND APPLYING FINDINGS AT BOTH THE "FRONT END" OF THESE PROCESSES TO REDUCE GENERATIONS (FOR EXAMPLE: INVENTORY CONTROLS AND PROCESS MATERIAL SUBSTITUTIONS), AND AT THE "END-OF-THE-PIPE" TO TREAT OR REDUCE THE AMOUNTS WE HAVE TO DISPOSE OF (FOR EXAMPLE: RECYCLING SOLVENTS OR TREATING PLATING SOLUTIONS).

- AND WE HAVE SEVERAL RESEARCH AND DEVELOPMENT INITIATIVES UNDERWAY RELATED TO OUR INDUSTRIAL OPERATIONS (FOR EXAMPLE: BETTER WAYS TO PAINT AND DE-PAINT ITEMS, BETTER WAYS TO APPLY METAL COATINGS); AND TO OUR PYROTECHNICS, EXPLOSIVES AND PROPELLANTS (PEP) OPERATIONS (FOR EXAMPLE: RECOVERY AND REUSE

OF COMPONENTS, AND SUPERCRITICAL FLUID EXTRACTION OF PROPELLANTS FROM ROCKET MOTORS)

WE ARE TRANSFERRING INFORMATION AND SHARING WHAT WE ARE DOING AND LEARNING IN WORK GROUPS WITH THE OTHER MILITARY SERVICES (FOR EXAMPLE: THE JOINT DEPOT ENVIRONMENTAL PANEL AND THE INSTALLATION RESTORATION TECHNOLOGY COORDINATING GROUP), WITH THE ENVIRONMENTAL PROTECTION AGENCY (EPA - IN A NUMBER OF TECHNICAL MEETINGS), AND WITH THE PUBLIC (FOR EXAMPLE: WE PUBLISH IN THE OPEN TECHNICAL LITERATURE AND ACTIVELY PARTICIPATE IN THE RELATED CONFERENCES, SYMPOSIA AND SEMINARS).

OUR EFFORTS TO ACHIEVE COMPLIANCE WITH ENVIRONMENTAL CLEAN-UP MANDATES HAVE MADE CONSIDERABLE PROGRESS. THERE IS INCREASED VISIBILITY AND EMPHASIS BY OUR COMMANDERS ON THESE ISSUES, BETTER IDENTIFICATION OF REQUIREMENTS, AND IMPLEMENTATION OF A "MUST-FUND" POLICY FOR HIGH PRIORITY ENVIRONMENTAL COMPLIANCE ISSUES. THE HIGH PRIORITY IS ASSIGNED IN TERMS OF MITIGATING IMMINENT THREATS TO HUMAN HEALTH AND THE ENVIRONMENT AND FOR RESOLUTION OF PROBLEMS RELATED TO COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS.

HOWEVER, THE NUMBER AND COMPLEXITY OF ENVIRONMENTAL LAWS AND REGULATIONS AND TECHNICAL PROBLEMS ARE GROWING; FEDERAL AND STATE REGULATORY AGENCIES ARE INCREASING ENFORCEMENT ACTIVITIES WITH CIVIL AND CRIMINAL PENALTIES, LITIGATION, AND INJUNCTIVE AUTHORITY. THIS RESULTS IN A SITUATION WHERE THERE IS A NET GROWTH IN THE NUMBER OF ENVIRONMENTAL COMPLIANCE VIOLATIONS IN SPITE OF A STRONG EFFORT TO BRING THE PROGRAM UNDER BETTER CONTROL. THE LACK OF SUFFICIENT NUMBERS OF ADEQUATELY TRAINED PERSONNEL, EXACERBATED BY THE OVERALL DEFENSE CUT-BACKS, IS A MAJOR UNDERLYING CAUSE OF THIS CONDITION.

WE ARE TAKING A NUMBER OF POSITIVE STEPS THAT WE EXPECT WILL SIGNIFICANTLY IMPROVE OUR ENVIRONMENTAL COMPLIANCE POSTURE:

- WE HAVE A PROACTIVE ENVIRONMENTAL COMPLIANCE REVIEW PROGRAM - A COMBINATION OF ENVIRONMENTAL COMPLIANCE AUDITS AND CONSULTATION VISITS TO RESOLVE ANY IDENTIFIED PROBLEMS. A SYSTEM IS ESTABLISHED TO REVIEW AND FOLLOW UP ON THESE.

- WE HAVE IMPROVED OUR SYSTEMS TO IDENTIFY OUR ENVIRONMENTAL COMPLIANCE REQUIREMENTS, TO PRIORITIZE THESE NEEDS, AND TO INCORPORATE THESE REQUIREMENTS INTO OUR BUDGET PROCESS. WE HAVE BASED OUR IDENTIFICATION AND PRIORITY SYSTEM ON THE OMB CIRCULAR A-106 ENVIRONMENTAL REPORTING REQUIREMENT, WHICH INCLUDES

REVIEW BY THE EPA. THE FUNDING REQUIREMENTS ARE IDENTIFIED AND INCORPORATED INTO THE ESTABLISHED SYSTEMS FOR EACH APPROPRIATION.

REGARDING OUR PROGRAMS FOR CLEANUP OF HAZARDOUS AND TOXIC CONTAMINATION FROM PAST ACTIVITIES, WE ARE A MAJOR PLAYER IN THE ARMY'S INSTALLATION RESTORATION PROGRAM, WHICH IS CENTRALLY MANAGED AND FUNDED UNDER THE DEFENSE ENVIRONMENTAL RESTORATION PROGRAM.

THERE ARE 25 AMC INSTALLATIONS LISTED OR PROPOSED FOR LISTING ON THE EPA'S NATIONAL PRIORITIES LIST - AND THESE ARE OUR HIGHEST PRIORITIES FOR RESTORATION WORK UNDER THIS PROGRAM. WE ARE FOLLOWING THE EPA'S REGULATIONS AND PROCEDURES IN OUR CLEANUPS AND ARE ENTERING INTO INSTALLATION-SPECIFIC INTERAGENCY AGREEMENTS WITH THE EPA AND THE STATES TO ENSURE THAT ALL PARTIES CONCERNS ARE CONSIDERED, THAT PROPER PROCEDURES ARE USED, AND THAT THE REMEDIATION OF THESE LOCATIONS WILL BE IN FULL CONFORMANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

DEFINE AND ACHIEVE QUALITY CONDITIONS IN THE WORK PLACE AND
LIVING QUARTERS

OUR EFFORTS TO ACHIEVE QUALITY CONDITIONS IN THE WORK PLACE AND THE LIVING QUARTERS OF OUR SOLDIERS ARE ALSO FRUSTRATED BY AN INADEQUATE LEVEL OF FUNDING.

CERTAINLY THE MOST WELCOME RELIEF FOR A LIMITED AND SHRINKING MCA PROGRAM IS THE THIRD PARTY CONTRACTING ALTERNATIVE, AND WE ARE ACTIVELY INVOLVED IN THIS AREA. UNDER SECTION 2809, THE PROPOSED REDSTONE SEWAGE TREATMENT PLANT IS UNDER REVIEW AT ARMY STAFF LEVEL; WE EXPECT THEIR APPROVAL AND SUBSEQUENT CONGRESSIONAL NOTIFICATION. ALSO AT REDSTONE, THE SPARKMAN CENTER FOR MISSILE EXCELLENCE, A SECTION 2812 PROJECT, IS BEING STAFFED PREPARATORY TO CONGRESSIONAL NOTIFICATION.

OTHER THIRD PARTY PROJECTS UNDER DEVELOPMENT IN AMC ARE CHILD DEVELOPMENT CENTERS AT REDSTONE AND DETROIT ARSENALS, AND HOTEL/MOTEL FACILITIES AT REDSTONE AND THE CHARLES M. PRICE SUPPORT CENTER AT ST. LOUIS. ALSO, WE SEE A NUMBER OF POTENTIAL CANDIDATES FOR THIRD PARTY FINANCING IN THE FORM OF SHARED ENERGY SAVINGS CONTRACTS, FOLLOWING A SUCCESSFUL PILOT PROJECT AT CORPUS CHRISTI ARMY DEPOT.

WE CONTINUE TO SEEK OUT EVERY AVAILABLE FORM OF RESOURCING TO CORRECT

OUR FACILITIES SHORTFALLS. WHERE THERE ARE ECONOMIC OPPORTUNITIES THAT ENCOURAGE AND SUPPORT PRIVATE INVESTMENT IN FACILITIES THAT SUPPORT OUR NEEDS, WE EAGERLY PARTICIPATE. WE ARE CONTINUALLY STRIVING TO UPGRADE OUR BASIC FACILITIES INFRASTRUCTURE WITH NEW INDUSTRIAL AND SANITARY WASTE TREATMENT PLANTS, UP-TO-DATE ELECTRIC DISTRIBUTION SYSTEMS AND OTHER UTILITIES IMPROVEMENTS TO MEET THE BASIC NEEDS OF OUR PLANTS AND COMMUNITIES.

THE QUALITY OF LIFE I ALLUDED TO EARLIER WOULD BE ENHANCED BY NEW CHILD DEVELOPMENT CENTERS FOR DEPENDENTS OF DOD CIVILIAN EMPLOYEES, ENABLING US TO COMPETE FOR THE BEST TALENT AGAINST PRIVATE FIRMS WHERE SUCH FACILITIES ARE MORE AND MORE COMMON.

AS PREVIOUSLY STATED, AMC'S FY91 PROGRAM REFLECTS INCREASING GROWTH OF CHEMICAL DEMILITARIZATION FACILITIES - UNFORTUNATELY, AT THE EXPENSE OF FACILITY MODERNIZATION TO IMPROVE PRODUCTIVITY AND QUALITY OF LIFE.

CLOSING

I FEEL CONFIDENT AMC CAN FULFILL IT'S MANY MISSIONS. HOWEVER WE MUST REMAIN FLEXIBLE TO THE OVERALL NEEDS OF OUR CHANGING FORCE STRUCTURE. OUR ABILITY TO APPLY MONEY WHERE NEEDED IS A KFY CONCERN. THE DEPOT FLOOR IMPOSED (P7M) IN FY89 AND FY90 HAS ADVERSELY AFFECTED OUR ABILITY TO BALANCE FIELDING WITH SUPPORT. CONTINUED IMPOSITION OF MAINTENANCE FLOORS WILL FURTHER DIMINISH OUR ABILITY TO EFFECTIVELY MANAGE THE OVERALL ARMY MAINTENANCE PROGRAM. IN A TIME OF TURBULENCE TO THE FORCE STRUCTURE AND REDUCED FUNDING WE MUST MAINTAIN MAXIMUM FLEXIBILITY TO APPLY SCARCE RESOURCES TO OUR MOST PRESSING NEEDS.

AMC'S MISSIONS REFLECT HOW WE PROVIDE QUALITY LOGISTICS SUPPORT TO THE ARMY AS WELL AS TO OUR SISTER SERVICES AND ALLIES. WE WILL CONTINUE TO SCRUTINIZE HOW WE PERFORM THESE MISSIONS SO THAT WE MAY CONTINUE TO IMPROVE THE PROCESSES AND FUNCTIONS REQUIRED TO EXECUTE THEM.

IT IS A TIME OF REMARKABLE CHANGES IN WORLD POLITICS; IT IS A TIME OF INEVITABLE CUTBACKS IN FUNDING; IT IS A TIME OF ESSENTIAL ADJUSTMENTS TO OUR FORCE STRUCTURE; AND IT IS ALSO A TIME FOR US TO HOLD A MORE EFFICIENT AND EFFECTIVE SUPPORT FOUNDATION FOR OUR ARMY -- IN PEACE, AND IF NECESSARY, AT WAR. SUCH TIMES CHALLENGE OUR INITIATIVE, OUR SELFLESSNESS, AND, ABOVE ALL, OUR RESOURCEFULNESS. ONE FACT HAS NOT CHANGED -- OUR MUTUAL DEDICATION TO THE DEFENSE OF OUR NATION.

Senator DIXON. Thank you, General Tuttle. Admiral Arthur.

**STATEMENT OF VICE ADM. STANLEY R. ARTHUR, USN, DEPUTY
CHIEF OF NAVAL OPERATIONS (LOGISTICS), OFFICE OF THE
CHIEF OF NAVAL OPERATIONS**

Admiral ARTHUR. Mr. Chairman, thank you very much for the honor to be here today and give you a little insight into our program. What I would like to do is show graphically where we have been over a period of time and where we think we are going.

Senator DIXON. If I may interrupt, Admiral Arthur.

Of course, this is not meant as criticism, General Tuttle, because I like the yellow colors on your charts. It is a little hard to see things on the left over there, I mean that as no criticism, but it is easier for the Chair to see things over here on the right. You might want to think of that in the future because I was straining a little to see some of the points you were making on your charts.

Excellent charts, beautiful yellow color on the one.

General Tuttle and I are old friends, Admiral, so I can say this to him. I must admit, at my age you can see these kind a little better.

General TUTTLE. We apologize.

Senator DIXON. No apology needed. I just wanted to needle you a little bit.

Admiral Arthur.

I interrupt again to say he was telling me the last time he visited me about these dynamite charts he was going to use, and I just wanted to tell him they are dynamite but I could not see them too well. [Laughter.]

Admiral ARTHUR. What we portray here, Mr. Chairman, is a steady decline over the last decade. Except for the two-carrier buy in fiscal year 1988, we have been on a steady decline since 1985 and continue to project that decline. We are projecting roughly a minus 2 percent in real terms, and we think we are in fact reaching the limit of doing more with less.

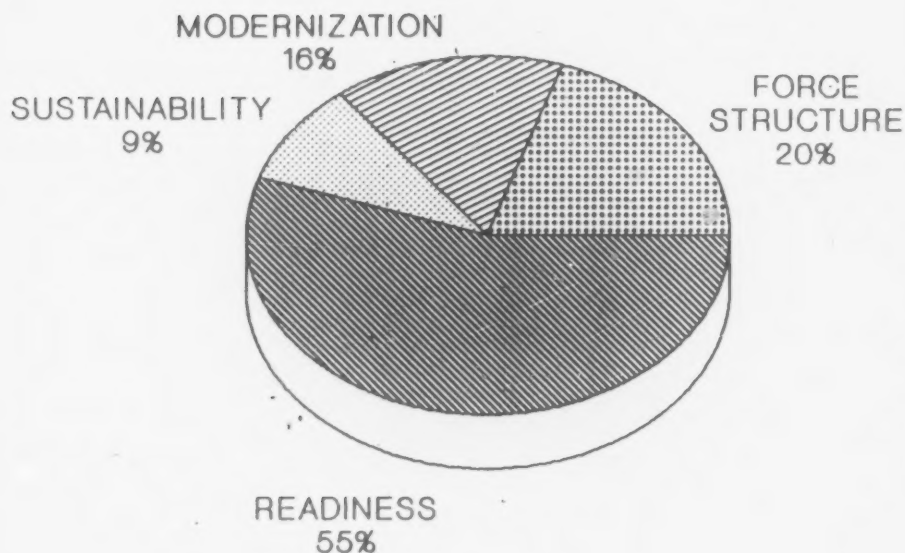


Figure 1. FY 1991 Pillar Spread

In this pie chart we display a sort of cutting up of our \$90 billion to show what we are doing with it. We buy new ships and aircraft at \$18.1 billion, and that represents almost 20 percent of the pie.

R&D and equipment upgrades, what we call our modernization pillar, takes up \$14 billion, and that is a little over 15 percent of the pie.

Purchasing ordnance and supplies to sustain our force is \$8.4 billion, and that is 9.2 percent of that pie.

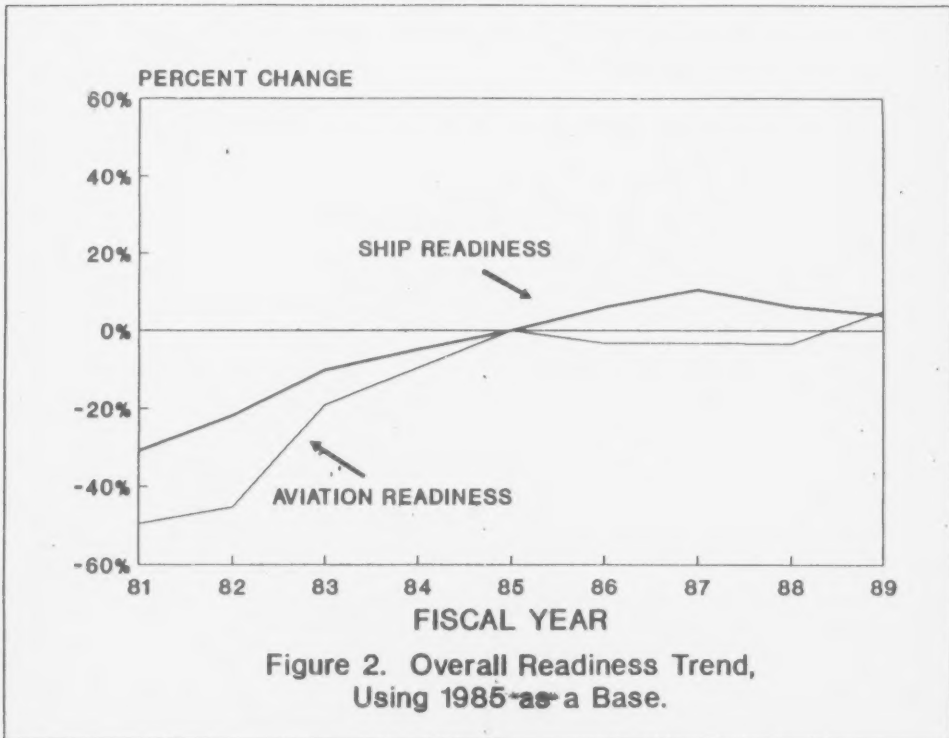
Finally, manning, operating and maintaining the force, the \$50 billion there, is 55 percent. This is what we call readiness. Your interest in readiness and sustainability equates to 65 percent of our \$90 billion.

Just to put that in perspective, that is about a 4 percent increase over the 9-year average of 61 percent for the combination of those two accounts.

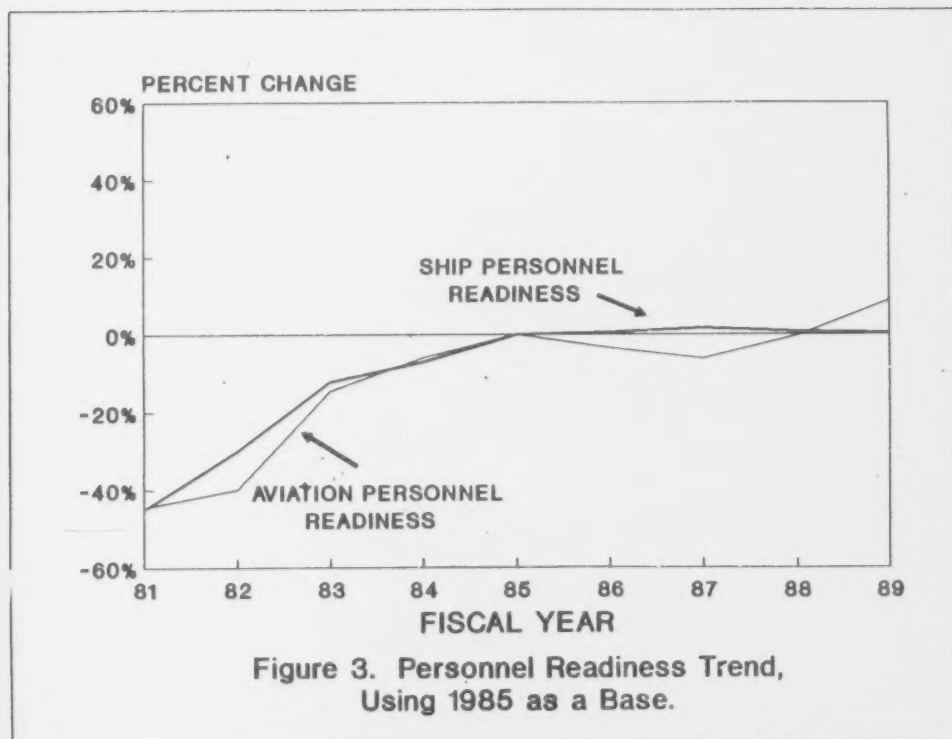
The investment in readiness and sustainability helps us to conduct the operations for the 551 ships that we have this year. The number of ships will decrease to 546 in 1991.

These accounts also buy worldwide crisis response and, thus, it is not just a logistics machine that we are funding here. We are funding an operation having the ability to go wherever we need to be.

There are lots of measures for readiness, and I would like to show about four charts that will give some idea of what we think we have bought over this period of time.



These two charts show overall active readiness, one for ships, and one for aviation. Then on the right hand side is the personnel readiness associated with ships and aviation.



As you can see from the ship readiness chart, we peaked in 1987, which is about 2 years behind the highest peak in funding. That is what we normally see, about a 2-year period of reflection and then a slight decline. We see a leveling off in the ship personnel side on the right.

In aviation, we still see a leveling off and then a slight climb toward the end, and that is really attributed to the right hand side, the personnel accounts where we finally got our aircraft squadrons into high manning levels, so that a little upswing is due to the personnel improvement.

These next two slides show material readiness for ships and aircraft. On the left hand side, aircraft mission capable and full mission capable rates are shown. As you see (Fig. 5), we have plateaued and now have slight declines.

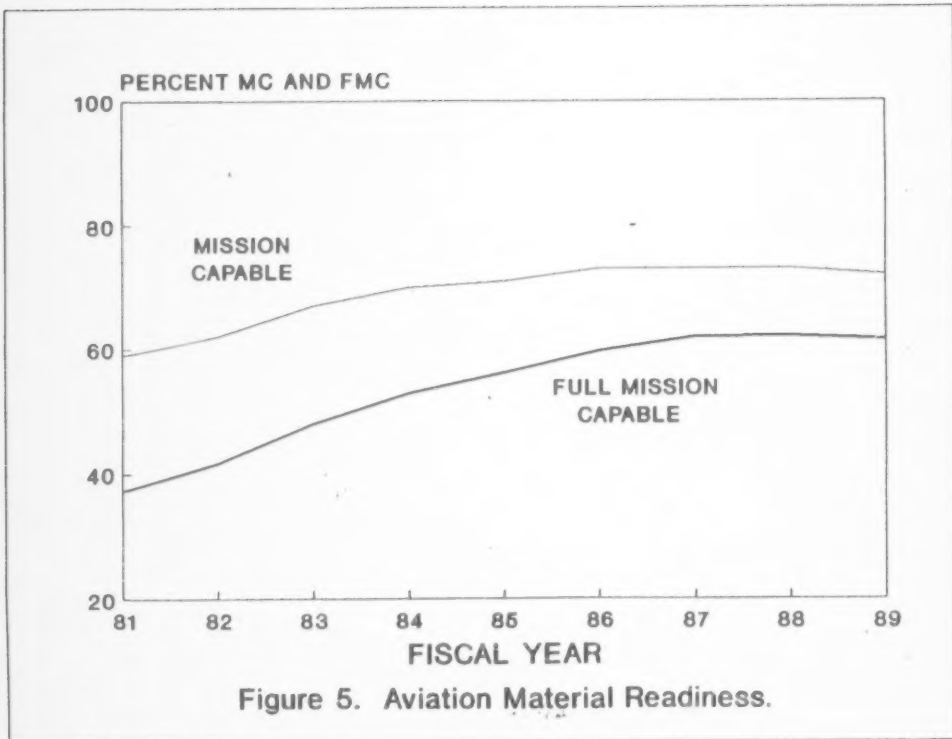


Figure 5. Aviation Material Readiness.

Ship materiel readiness (Fig. 4), which we measure in terms of operational time free from mission degrading equipment casualties for our deployed ships is very high but still shows a slight decline. Again, all surface ships peaked in the 1987 time frame and then show a slight decline.

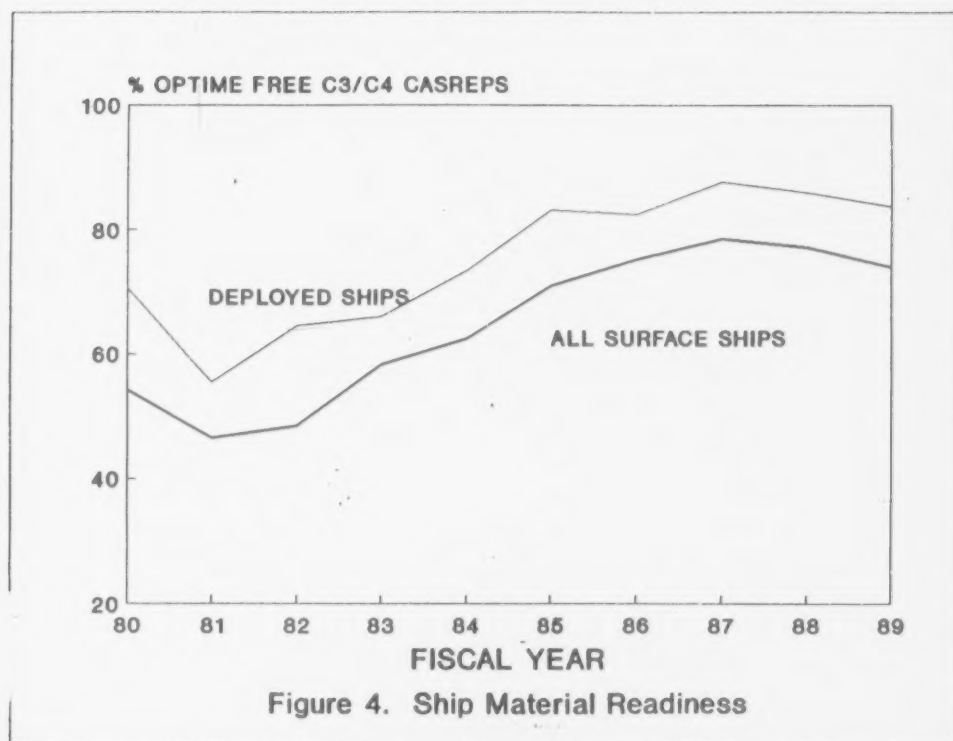


Figure 4. Ship Material Readiness

The Navy logistics system is indeed big business. As I mentioned, we are supporting over 500 ships and 5,000 aircraft, 736,000 military personnel, 150,000 reserves, and 320,000 civilians. We support the operation of 589 bases, which include eight shipyards, six aviation depots, 40 naval air stations, 22 naval bases and five submarine bases. All in all, we have operations in all 50 States.

We realize as this top line has been on this decline that we have to be better business managers and, in fact, we have been heavily involved with the Defense Management Review and its implementation. We are involved in our own internal review of our infrastructure to make sure that we keep the tooth-to-tail ratio at the right amount, looking for operating efficiencies wherever we can; again, many of these Navy initiatives are in association with DMR effort in areas such as supply operations, industrial improvement program, ADP standardization and the computer-aided acquisition and logistics support.

Obviously, fewer dollars mean that we are indeed going to have a smaller Navy. We will have fewer people hopefully involved in our reduced infrastructure. We will have hiring freezes as we do now and fewer bases to support. We are in the process of tightening that belt.

We also see that readiness is on a slight decline, and we have to make the choices now to make sure that we do not necessarily put those dollars into infrastructure that could more effectively be used in maintaining readiness.

All in all, it is going to take some firm, well reasoned leadership both from the Navy and Congress to make sure that the gains we realized in the 1980s are preserved, and we look forward to working with you and your committee to tackle these tough issues.

Thank you very much.

[The prepared statement of Admiral Arthur follows:]

STATEMENT OF
VICE ADMIRAL STANLEY R. ARTHUR, U.S. NAVY
DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS)

Mr. Chairman and distinguished members of the committee, it is a pleasure for me to have the opportunity to appear once again before you -- this time to discuss those elements of the FY 1991 Defense Authorization request that deal with readiness and sustainability of our Naval forces.

The Security Picture - Instability and Unpredictability

Recent world events are causing a historic transformation of the global security environment. As we review the national strategy to decide how best to preserve America's future security in this time of remarkable and welcome change, we must recognize that not all threats to our security have evaporated. While the likelihood of conflict with the Soviet Union is diminishing, we must also be concerned that they retain a significant naval capability, one that is continuing to modernize and improve its ability to challenge our interests. In addition, other potentially hostile nations, which continue to challenge our national interests, are now increasingly armed with modern, sophisticated weaponry. These nations pose a unique danger through instability and unpredictability, often separate from that posed by the Soviet Union. Lethal weapons, including ballistic missiles, mines, modern diesel submarines, chemical and biological weapons, and cruise missiles -- all state of the art and all deadly -- potentially challenge us in many regions. The threat is still there. The Navy provides a deterrence to that threat, a deterrence to aggression, and a deterrence to general war -- a quick, ready, mobile, and flexible reaction force to be used if required.

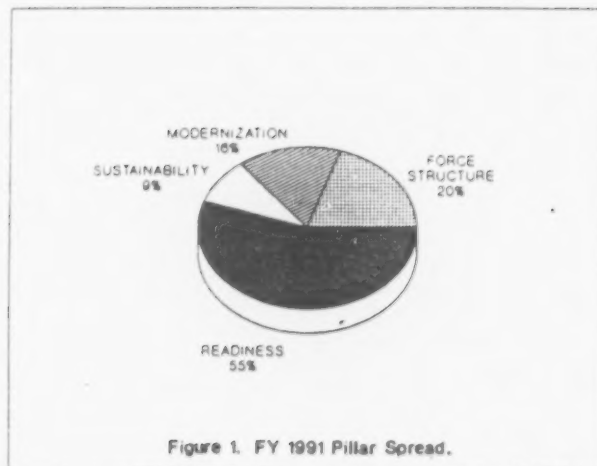
The United States remains a maritime nation, heavily depen-

dent on overseas trade and resources. To protect these interests, we must stay engaged in the crisis-prone regions of the world. We therefore need sufficient naval power to ensure our access to critical sea lines of communication, especially in time of conflict or crisis. That capability also enables us to project adequate military power in areas of U.S. interests, with less reliance on foreign bases or overflight rights. The nation needs a strong Navy, one of sufficient size to maintain a continued forward deployed global presence, with forces in a high state of readiness, retaining the ability to sustain operations at sea in times of conflict. Currently, we have that Navy: the right numbers and right mix of ships and aircraft, properly manned with bright, patriotic, and properly trained men and women, sustaining an acceptable and safe state of readiness.

This readiness, and its sustainability, requires an adequate and responsive logistics and support infrastructure. In addition to people, this includes ordnance, spares, fuel, basing facilities, and maintenance support in sufficient quantities provided in a timely fashion. These logistics building blocks will be addressed in this testimony. First, I will explain the applicable resources in the FY 1991 Navy program and then show some indicators of the Navy's preparedness to go to war today and our ability to sustain combat operations if required.

Readiness and Sustainability Resources

In this report, we are concentrating on only two of the four major Navy budget resource capability categories (commonly called pillars), Readiness and Sustainability. The other two categories are Force Structure and Modernization. Figure 1 shows the FY 1991 breakdown of resources.



Readiness resources provide for the current manning, operations and maintenance (including depot maintenance) of the active operating forces (ships, aircraft and other operating forces), and the logistics and support infrastructure that is associated with operating those forces. Sustainability is best described as the "staying power" of the Navy. It comprises programs that enhance the ability to mobilize forces, sustain operations, and meet material requirements during wartime. The funding associated with war reserves (munitions, spares and repair parts) and reserve forces (operations, maintenance, logistics and support) are primarily the most significant. These two pillars account for approximately 64 percent of the budget request.

The FY 1991 program represents a delicate balance of the four pillars, allocating resources to ensure we have the correct number of aircraft and ships, that they remain capable and safe through modernization, that they are ready, and that they can sustain operations at sea in case of conflict.

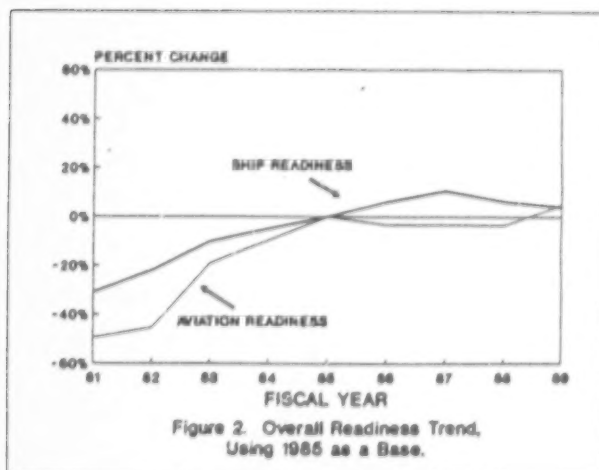
Changing global conditions have allowed the Department of Defense and the Department of the Navy to continue to scale back funding while ensuring that America's security risks are acceptable. This resource decline actually began in FY 1985. In

the past, through prudent management practices, efficiencies, and competition, the Navy has retained a majority of its capability, readiness, and preparedness. This year's Navy budget reflects a continued decline in the defense appropriations, and we have had to make some tough choices. It is the beginning of some very difficult decisions to appropriately size and balance the support infrastructure with projected force levels. The FY 1991 budget will adequately sustain readiness levels, and our staying power will be sufficient.

Readiness and Sustainability Trends

Navy uses a variety of indicators in order to measure, report, and assess our current ability to meet peacetime and wartime requirements with our ships and aircraft. Several of these will be discussed in this report. These indicators provide a way of examining the output of the resources invested, but they cannot be directly translated into unit cost measures. These performance goals and objectives were not designed to support precise, quantitative budget calculations.

We require our unit commanders to provide an operational status report which involves objective and subjective assessments of a unit's ability to perform its primary naval wartime assigned missions. Figure 2 shows the general trend in reported overall readiness, using 1985 as a point of reference. The report

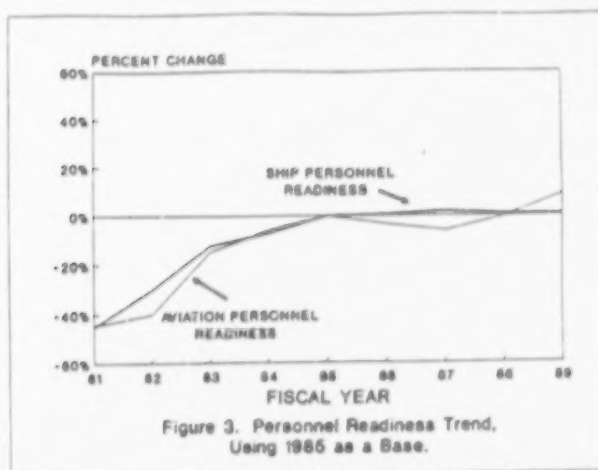


measures only the status of organic resources under the operational control of that unit. Specifically, those resources are personnel, equipment, supply support, and training. It does provide the National Command Authority and the remainder of the chain of command with a time sensitive estimate of that unit's readiness to perform wartime functions for which they were designed and organized. It does not address all the elements external to an individual unit which impact readiness, such as depot maintenance capability and the status of fleet support activities. Although Navy cannot make the connection explicitly, the readiness trend displayed in Figure 2 mirrors overall funding levels, albeit with some time delay.

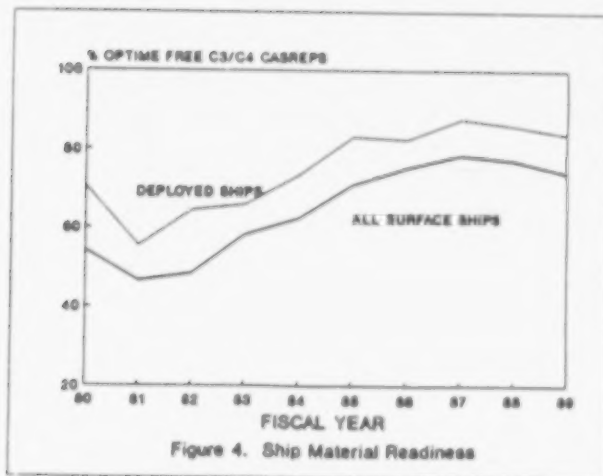
Navy's generally high state of readiness can, for the most part, be directly attributed to our high quality and highly motivated men and women. We program our ships and aviation squadrons to be manned at 91.5 percent of the wartime requirement, while providing emphasis on adequate pay and allowances, quality of life, and medical care -- knowing the return-on-investment is measured in reduced training costs through increased retention and an acceptable state of overall readiness. Using 1985 as a point of reference, the personnel readiness trend is shown in Figure 3. The commitment we have to

our personnel must not be broken.

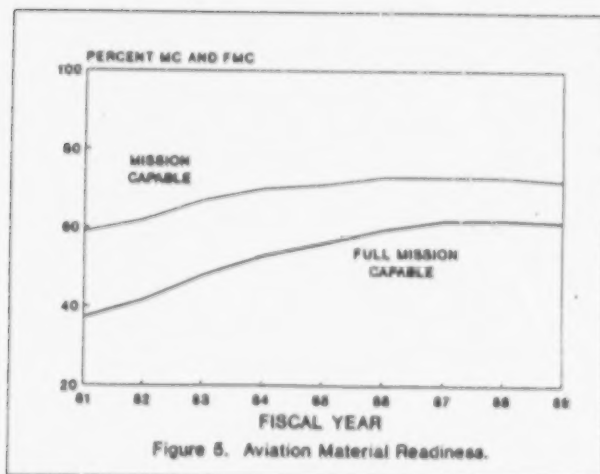
Ship material readiness is measured in terms of the amount of operating time a ship is free of mission degrading equipment casualties. These casualties are reported by all ships on an as-occurring basis. Figure 4 shows that overall ship material readiness levels have declined slightly since 1987, and that our deployed units sustain a consistently higher state of readiness than the fleet average. Ship readiness funding has declined;



however, the effect on readiness was minimized through a reevaluation of maintenance and sparing requirements, standardization of equipments, competition, and other maintenance and support efficiencies. Navy continues to actively seek out new ways to be more productive in a declining fiscal environment.



Aircraft material readiness is measured by Mission Capable (MC) and Full Mission Capable (FMC) rates based on actual fleet maintenance data. These rates, which provide a detailed history of aircraft condition and material readiness over time, measure the percentage of time an aircraft is able to perform all of its missions (FMC) or at least one of its missions (MC). Figure 5 shows the historical rates for the last 9 years. Full mission and mission capable rates have remained level since 1985 despite declines in readiness resources. Improved depot maintenance efficiency, stock funding Aviation Depot Level Repairables (AVDLRs), competition, and smarter spares purchases have helped reduce requirements while sustaining an acceptable level of readiness. These initiatives are continuing in the Navy to the maximum extent possible.



Part of the sustainability pillar includes our Reservists, for whom we have seen improvements in capability and readiness. The size of our selected reserve force has increased by nearly 100 percent over recent years. Overall readiness has improved over 36 and 8 percent for reserve ships and aviation squadrons respectively since 1985. A proper balance between active and reserve forces must be maintained, ensuring the most economical and effective force is available to meet our mission requirements.

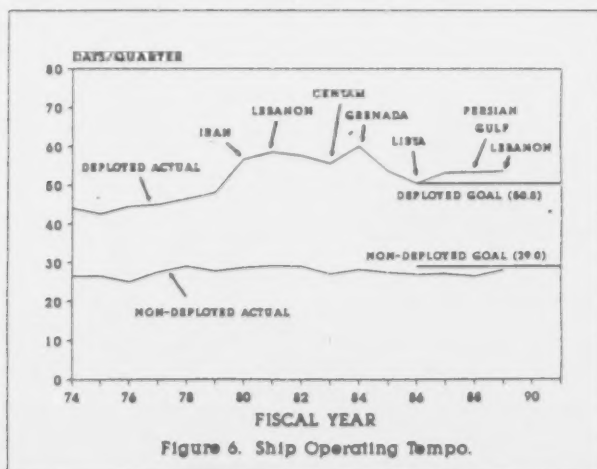
Currently the Department of Defense is attempting to develop better and more meaningful measures of effectiveness for sustainability. By definition, active ships and aviation squadrons go to sea ready to conduct sustained operations. They are self-sufficient units and entities in an operating mode, carrying sufficient munitions, spares, and stores for at least 90 days. The logistics support pipeline sustains those operations. Measuring the sustainability of each commodity is a difficult proposition. It involves defining the relationship between each of the commodities, and the intensity and length of anticipated conflicts. The Navy continues to pursue improvements in quantifying sustainability.

I will now address the FY 1991 Navy program as it relates to

readiness and sustainability, specifically addressing the topics mentioned in your February 20 letter.

Operations and Depot Maintenance

Ship Operations. The current budget submission provides for a total deployable Battle Force of 546 ships by the end FY 1991. The average operating tempo (OPTEMPO) for active forces in the upcoming fiscal year will be maintained at 50.5 days per quarter for deployed ships and 29.0 days per quarter for non-deployed ships. Navy needs that level of operations to maintain fleet readiness, safety, the war fighting proficiency of our crews, forward deployed presence, and national commitments. Historical ship operating levels are displayed in Figure 6.



Ship Depot Maintenance. Since the early 1980s, the ship depot maintenance philosophy has changed. We moved from an era where major overhauls occurred every 3 years to one in which a major overhaul now occurs between 5 and 12 years, with short, maintenance-intensive, Selected Restricted Availabilities (SRAs) and Phased Maintenance Availabilities (PMAs) occurring about every 24 months between overhauls. With some ship classes, there are no planned overhauls. This philosophy has allowed us to keep our ships ready and maximize their operational availability to

the fleet commanders. The number of overhauls has declined considerably, from a high of 90 in FY 1977 to the 13 planned in FY 1991. Concurrently, there has been a significant increase in the number of shorter but more frequent availabilities (SRAs and PMAs) through the past decade.

The reduced ship depot maintenance funding levels in FY 1991 are primarily driven by the changed mix of ships requiring overhaul and the accelerated retirement of older ships. The ship overhaul backlog in FY 1991 contains two ships, backlogged due to lack of repair funding, as it did in FY 1990. SRA and PMA backlogs are growing, but are considered manageable and an acceptable risk.

In the FY 1990 Appropriations Act, Congress directed the Navy to increase its ship maintenance program by \$190 million. With that increased funding, Navy added 17 Atlantic Fleet and nine Pacific Fleet short duration depot availabilities.

Last year, a Flag Level Steering Board examined ship depot maintenance management and practices, with a goal of improving the planning and execution processes in the eight public shipyards. Recommendations included:

- o Leveling public shipyard workloading, thus allowing a more effective management of resources, proper sizing of overhead, and increased productivity.
- o Continuing public/private competition.
- o Implementing uniform job planning documentation.
- o Establishing a formal mutual agreement for major availabilities to identify the scope of work, source of funding, and work execution requirements.

A future concern is the shipyard industrial base capability of our nation. The private sector has suffered from a steady decline in commercial ship construction and repair, primarily due to the decline of the U.S. merchant marine. Navy shipbuilding and repair programs now account for more than 97 percent of all

employment in the active shipbuilding base for new construction and over 50 percent of employment for ship repair in the United States. Currently, Navy peacetime work alone is insufficient to support an adequate industrial base to meet mobilization requirements.

Aviation Operations. Funding for the operations of Tactical/ASW, Fleet Air Training, and Fleet Air Support increases in FY 1991, primarily due to increased fuel prices and Stock Fund rate changes. The flying hour program provides 87 percent Primary Mission Readiness (PMR) (25 hours of flight time per crew per month) consistent with the FY 1989 and FY 1990 programs. This supports 13 active carrier air wings, three Marine Corps air wings, and aviation components of the 1st Marine Amphibious Brigade. Reserve forces continue to be funded annually at 121 hours of flight time per pilot.

Aviation Depot Maintenance. Continued increases in efficiency measures and improved productivity have driven down the cost of maintenance. Past initiatives include the implementation of the Aircraft Service Period Adjustment (ASPA) concept which inspects aircraft before induction into the depot to determine if the aircraft can operate safely for another year. This initiative has resulted in substantial reductions in deferred maintenance.

Aircraft that fail material readiness inspections (ASPA) are grounded awaiting induction into depot level maintenance. Funding constraints on the budget kept 19 aircraft on the ground in FY 1989, and a projected 93 in FY 1990 and 82 in FY 1991. A limited amount of backlog is acceptable -- which allows depots to balance their workload with available resources. However, further reductions in depot maintenance funding could put readiness in jeopardy. We will continue to manage these backlogs to minimize the impact on fleet readiness.

The Naval Industrial Improvement Program (NIIP) is a broad

initiative at all naval industrial activities that impacts virtually all areas of management and operations. Progress is measured against the goal of reducing costs. Goals set for FY 1987 through FY 1989 have been met or exceeded, saving \$677 million in the last three years. Planned savings for FY 1990, already incorporated into the budget submission, are \$250 million. Additionally, non-traditional competition between public and private facilities has helped reduce costs of competed components by 20 percent. Competition continues today for both maintenance and modernization programs, with the SH-2F modernization and the A-6E rewinging contracts promising similar savings. Future management initiatives might include consolidation of similar production lines, realignment of the work force, maximizing the most efficient facilities, and other innovative strategies. Total quality management remains the depots' overriding philosophy.

Other Forces. Sufficient resources are available in the FY 1991 budget submission to support Navy's special combat forces, construction battalions, fleet electronic command and control, and undersea surveillance. Beginning with the FY 1991 budget, funding for detection and monitoring activities in support of the drug interdiction effort has been transferred from the Navy account to a central DoD counternarcotics account. Funding for Navy's Special Operations Forces (SOF) (with the exception of military personnel) has been shifted to the Commander in Chief, United States Special Operations Command.

Facilities

Base Operations. The Naval shore establishment has grown during the 1980s. A submarine base has been established at Kings Bay, Georgia, and a Relocatable Over the Horizon Radar (ROTHR) system has been installed at Amchitka, Alaska. New bases at Ingleside, Texas; Mobile, Alabama; Pascagoula, Mississippi;

Everett, Washington; and Staten Island, New York are under construction as part of the strategic homeporting initiative. Base operational funding has increased and must support these new bases and their associated missions.

At the same time, the remaining shore establishment continues to age. The backlog of critical maintenance will grow from \$1.3 billion in FY 1989 to over \$1.5 billion in FY 1991. In certain instances, the poor condition of facilities is adversely affecting our readiness posture. For example, the structural inadequacy of a 45 year old pier and trestle complex at Naval Weapons Station Earle, New Jersey, is inhibiting our ability to load ammunition onto ammunition ships. Accordingly, maintenance of real property funding has been increased in FY 1991 in an attempt to stall the accelerating deterioration of the shore establishment. With age and without sufficient maintenance support, eventually the costs of repair outweigh the cost of renewal and MILCON resources are required to correct the deficiency.

With reduced levels of funding, it will be necessary to ensure that the size of the fleet and the shore establishment are in balance. Base closures and realignments are an inevitable and a necessary response to reductions in our operating forces. We need to achieve additional efficiencies in our shore infrastructure in an era of declining resources. The bases which were recommended as candidates for closure or realignment in January of this year were identified for study as a result of a preliminary assessment conducted by the Navy staff.

The Navy has recently commenced an in-depth review of our shore infrastructure to determine which bases should be closed or realigned, based on projected force levels, in order to achieve maximum efficiencies without adversely affecting strategic and operational requirements. While this study will certainly focus on those bases already identified, the Navy's entire shore

establishment, including our strategic homeports and forward deployed facilities, will be included in the study effort. Final decisions are not expected to be made until these studies are completed, including all environmental studies that are required by law. The internal review, which will focus primarily on budgetary, strategic, and operational considerations, should be completed by the end of the summer. The required environmental studies are expected to take much longer, unless the existing base closure law is amended.

Military Construction (MILCON). The military construction program will provide \$1.11 billion of new and modernized facilities for the Navy and Marine Corps in FY 1991. This request is only slightly less than the \$1.13 billion requested and \$1.14 billion appropriated last year. Because of pressing facility needs and through difficult resource allocation decisions, Navy has been able to maintain this level of request in a time of declining budgets in the DoD.

In the past five years, we have placed much of our limited MILCON resources in construction at our strategic homeports and the Trident Submarine Base at Kings Bay, Georgia. Now that construction at these locations is winding down, there is a need to focus on minimum essential new mission requirements and those MILCON projects that have been deferred.

The Shore Facilities Life Extension Program (FLEP) has been established to focus efforts on facilities requiring repair or replacement that are most critical to our mission capability. With data from the Shore Base Readiness Reporting (BASEREP) system, Shore FLEP is used to ensure that scarce military construction funding is directed to the facilities that need it most. This year's program demonstrates our success in this effort with 65 percent of our military construction projects (\$609 million) either repairing or replacing existing facilities. This is a considerable increase from the 36 percent (\$518

million) in FY 1989.

Limited new mission construction and increased emphasis on older facilities are complemented in the Navy's FY 1991 MILCON program by an absolutely minimum essential overseas construction program. The request for FY 1991 is only \$48.6 million, less than half of the FY 1990 level, and involves essential facilities at activities where the Navy's forward presence must continue despite rapidly changing world events.

Family Housing Program (FHP). Adequate and affordable housing continues to be a very important component in the quality of life equation for our people.

The Navy has a large inventory of aging, deteriorating family housing units, with an average age of about 30 years. The condition of our housing concerns our sailors and our managers. Accordingly, we are emphasizing whole house repairs to reduce the maintenance backlog. In FY 1991, we have programmed a \$71 million increase over FY 1990 levels to execute this work.

In addition to taking care of what we already own, Navy is expanding our operations budget in order to expand the loaner furniture program and replace and upgrade overage household equipment/furnishings to our service families forward deployed. We feel that this expansion is required to improve the quality of life for our sailors and their families.

The need for new housing cannot be overlooked. We have a validated shortfall in excess of 50,000 units. The communities where our bases are located continue to absorb our sailors; however, we are finding that affordable private housing is becoming scarce. In large metropolitan areas, such as along the coast of southern California, our sailors can no longer find affordable housing in the private community. Additional family housing is also required at two isolated locations overseas (Guantanamo Bay, Cuba and Keflavik, Iceland) where our families are required to reside on base. In keeping with our goal of

improving quality of life for our sailors and thereby retaining our skilled men and women in the Navy, we need housing to eliminate, or at least minimize, involuntary separations and unaccompanied tours overseas. Accordingly, we have programmed 1112 new housing units for construction in FY 1991. Navy plans to build housing at the following locations: 300 units at Naval Station Long Beach, 300 units at San Diego, 150 units at Naval Station New York, 134 units at Guantanamo Bay, Cuba, 112 units at Keflavik, Iceland, and 116 units at Camp Pendleton, California.

Environment. Navy continues to strive to comply with all environmental laws and regulations. We understand the importance of protecting the world's fragile environment and comprehend the environmental challenges that are ahead of us as required action is taken to ensure compliance with the law.

Navy's policy is to prevent the pollution of the environment. For example, alterations have been programmed to ensure that our ships comply with international pollution control agreements for marine vessels. In addition, projects are programmed or being developed to ensure that our shore facilities meet all applicable environmental requirements. But we still face a host of challenges in the future as we deal with the control and the eventual elimination of environmental pollution.

The Navy is committed to educating its people in the way they think about and treat the environment. This past year, Navy implemented a major new policy to ensure that hazardous materials are controlled from "cradle to grave." A recent GAO report commented favorably on this effort. In the near term, Navy has a goal of a 50 percent reduction in hazardous waste generation by the end of 1992 and a long term goal of continual reduction to the maximum extent practical.

This past year, Navy began planning for the elimination of ozone depleting substances. Since many of our shipboard systems

are designed around the physical properties of a particular refrigerant or fire fighting agent, and since there are no "drop in" substitutes currently on the horizon for these substances, we do not expect resolution of this problem within the next few years. For the interim, we plan to eliminate releases to the atmosphere by tightening controls on the use of these substances and recycling them whenever possible. For the long term, Navy will pursue and encourage research to develop acceptable substitutes and procedures for solving this problem entirely.

Procurement (Relating to Readiness and Sustainability)

Supply Operations. During the 1980s, Navy Supply Centers (NSC) and Inventory Control Points (ICP) achieved unprecedented levels of performance, especially in inventory accuracy and supply material availability. Today, however, key indicators of supply system performance are declining as we deal with constrained resources. This funding decline, coupled with the challenges of implementing Defense Management Review Decisions (DMRDs), is cause for concern while we strive to maintain fleet readiness.

First, funding reductions taken in FY 1988 and FY 1989 brought supply system manpower levels down 14 percent from their FY 1987 level. Efficiencies resulting from ADP modernization, automated warehouse systems, and productivity improvements could not totally offset the negative impacts of the manpower reduction. Our solution to reverse this trend is to transfer the supply operations funding responsibility to the Navy Stock Fund. It will enable Navy managers to balance the tradeoff between spares costs and labor costs to reduce total costs. It is expected that stock funding supply operations will reverse the decline in supply system performance.

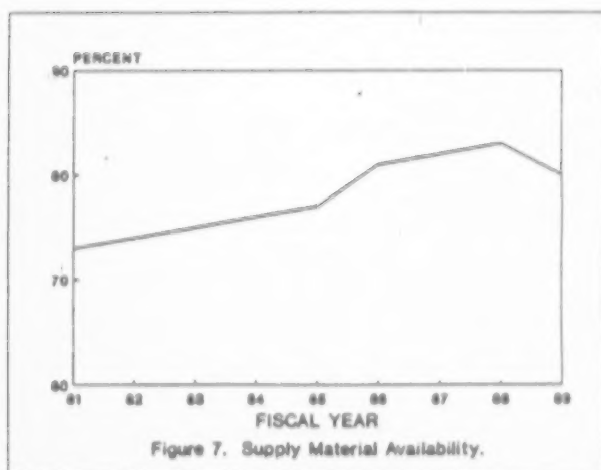
Second, pending DMRDs on stock point, ICP, and ADP consolidations, we have put our ADP modernization programs on

hold, thus delaying implementing known efficiencies which would help alleviate the manpower problem. Navy's greatest challenge ahead will be to implement these DMRD initiatives, continue needed modernization, and maintain fleet readiness.

Navy reaped great benefits from a sufficiently financed supply system in the past decade. However, we are currently stretched to the limit, and need continued Congressional support to fund system modernization initiatives resulting from the Defense Management Review process and full funding of supply system manpower requirements.

Spare Parts. Given the recent headlines concerning excesses of spare parts, it is extremely important that we focus on the facts. I will address supply related readiness indicators and initiatives to improve readiness, reasons for long supply, and finally cost reduction initiatives of the Defense Management Review process.

In FY 1989, the availability of spare parts declined. Figure 7 displays this trend. After an unprecedented peak in FY 1988 of 83 percent, overall availability dropped to 80 percent in FY 1989. Concurrently, the number of parts related casualties which could not be corrected from on board stocks increased by 13.1 percent. While the numbers are not encouraging, they were expected. In developing a balanced budget within fiscal guidance for FY 1988 and FY 1989, Navy consciously reduced funding both for spare parts and supply system manning. Accordingly, supply performance indicators are beginning to decline. We have initiated many actions to reverse this decline; e.g., implementing more sophisticated and cost effective readiness-based inventory models, and committing to the reduction of spares procurement lead time.



Second, the long supply issue raised in the press is misleading. The headlines lead one to believe that we operate a system out of control or that we deliberately buy more than we need. This is not the case. There are two principal reasons for having more inventory than our immediate requirements. First, approximately 80 percent of inapplicable inventories are the by-product of our continuing weapons system modernization programs. As we replace old aircraft and old ships with new aircraft and new ships, we need to replace the spare parts. In other words, new weapon systems often require different spare parts. The spare parts for the old weapon systems remain in our warehouses. They served a useful life, and they are now being stored and retained for economic, mobilization, foreign military sales considerations, or contingency reasons. The second major cause of inapplicable inventories is the high variability of demand (usage rates) for spare parts in today's high technology weapon systems. In a recent Navy study, we learned that over 70 percent of our aviation related spare parts have at least a 25 percent (plus or minus) demand change from one year to the next. When one couples this demand variability with the fact that procurement lead times require us to forecast and buy our spares years prior to actual need, one can begin to see why we sometimes

miss the mark.

A final point -- over a four year period, 85 percent of our long supply, resulting from the imprecise nature of demand forecasting, is used or becomes required within the near future. The greatest harm done is that we bought some spares earlier than we needed them. Additionally, the recent headlines about a 13,000 year supply of a F-14 microchip were not true. We expect to run out of that specific item when it no longer will be used on the F-14. It was a well forecasted "life of type" buy; that is, a buy designed to support a weapon system for the remainder of its expected life. A "life of type" buy was required because Motorola, which had proprietary rights to the chip, would no longer produce it.

Finally, we fully support the cost reduction initiatives of the Defense Management Review (DMR) process. We plan to achieve the DMR savings related to reducing supply system costs primarily through inventory reduction. The management challenge for us will be to achieve the magnitude of these savings within the time frames required while maintaining fleet readiness.

The FY 1991 spares program is sufficient to maintain supply performance indicators at their current levels. We need Congressional support to fully fund our spares requirements and prevent further erosion of fleet support.

Conventional Ordnance. As with spare parts, our conventional ordnance program contributes to both readiness and sustainability. It contributes to readiness in the form of expenditures for peacetime training and to sustainability in the form of war reserve stocks.

In light of the force structure changes and reduced likelihood of near-term conflict with the Soviet Union, we continue to reevaluate scenarios and parameters from which we derive the sizing of our weapons inventories. We intend to avoid accumulating large inventories of high-cost weapons that would

likely be made obsolete by advances in technology before they would be needed in combat. Procurement decisions favor those weapons which would be used in the most likely scenarios.

We have achieved a significant improvement in ordnance levels over the past decade. The value of stocks on hand and on order is four to five times greater today than in the early 1980s. Our ordnance sustainability levels have improved over the past years.

Figure 8 shows our FY 1991 procurement plan for level-of-effort ammunition. Except for sonobuoys, sustainability will be essentially maintained at current levels. Between now and FY 1994 the new level-of-effort items scheduled for introduction are the advanced bomb family, the advanced rocket system and components for their all-up-round assemblies.

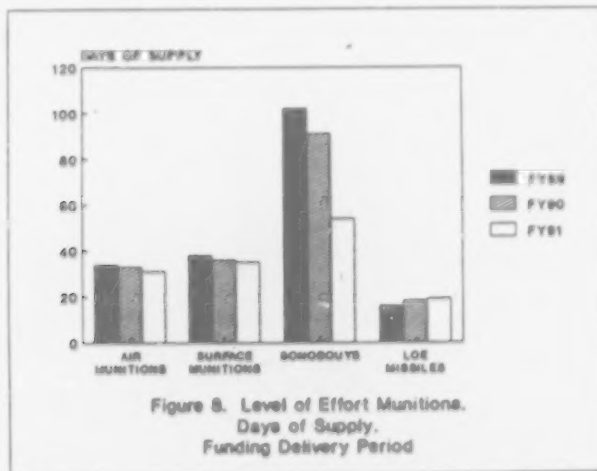
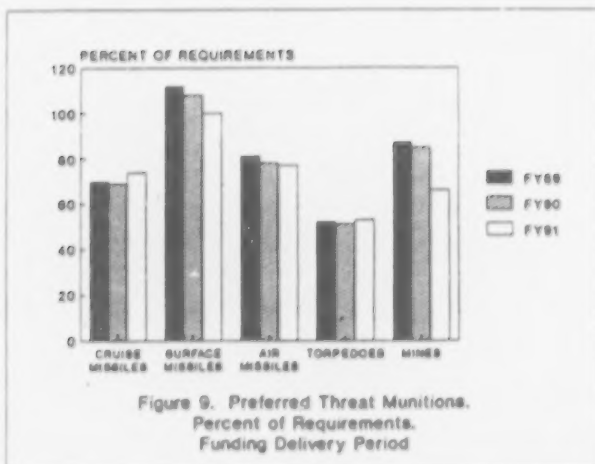


Figure 9 shows the percent of wartime programming objective attained with the FY 1991 procurement for preferred threat; munitions -- missiles, torpedoes and mines. As you can see, our overall posture is generally maintained. Several new and improved threat weapons will also be introduced between now and FY 1994. These include the Rolling Airframe Missile (RAM), Advanced Medium Range Air-to-Air Missile (AMRAAM), and the MK-50 torpedo. These new weapons will provide lethality and increase the Navy's sustainability.



Munitions levels are managed carefully and appropriately. By rebalancing procurement accounts and terminating older systems, the Navy is able to maintain readiness and sustainability.

Revolving and Management Accounts

Navy Stock Fund. Financed under the revolving fund concept, the Navy Stock Fund (NSF) has been significantly affected by the recent Defense Management Review which allowed the movement of operational costs associated with the acquisition and management of the spare parts system from mission-funding in direct appropriations to customer-funding in the NSF. By making those costs part of doing business within the stock fund, Navy managers can balance tradeoffs between the costs of spare parts and labor costs, to reduce total costs.

The FY 1991 program reflects a significant change in funding responsibility. Funding for Central Supply Operations and Inventory Control Operations transfers to the Stock Fund, whose customers will now reimburse the cost of these operations through a surcharge on Stock Fund sales. The customer accounts which include operations, research, and procurement, as well as other agencies, have been increased appropriately.

Navy Industrial Fund (NIF). Supporting 49 industrial

activities grouped into 12 separate categories, the Navy Industrial Fund (NIF) is financed under the revolving fund concept that establishes a buyer/seller relationship between the appropriation funded customer and the business-like industrially funded activity. Customer rates are developed to produce sufficient revenue to recover costs and maintain working capital.

NIF rates are held constant throughout the budget year in consonance with OSD policy. Because of workload fluctuations at the industrial activities and differences between the yearly budgeted rate and actual expenses, significant shortfalls in the account can develop quickly. Commencing in FY 1991, a direct NIF appropriation, rather than a pass through, will be used to recoup prior year operating gains and losses.

The Defense Management Review has resulted in significant changes in the way in which we manage and control NIF activities: military personnel at NIF activities are now part of NIF costs and no longer absorbed in the MPN appropriation and several NIF activities are potential candidates for future closure. The results of those changes, and the continuing uncertainty associated with them, make Congressional funding support of NIF critical. Without that support Navy efforts at maintaining an acceptable level of readiness will suffer.

DMR Logistics Management Initiatives

As part of the Secretary of Defense's Management Review the Navy has instituted many initiatives designed to permit us to reduce the budget without reducing our military capabilities. Significant funding reductions beginning in FY 1991 reflect these potential savings.

The DMR had wide ranging effects on the way Navy does business -- affecting primarily acquisition functions and programs. A portion of the DMR affected Navy's logistics system.

While many of the initiatives are coordinated DoD wide, including reductions in supply system operating costs, better accounting and control of government furnished material, consolidation of Supply Depots and Inventory Control Points, civilianization of support positions, and standardization of ADP systems, there are several significant Navy initiatives. These include:

- o Improved efficiency of operations at Navy Industrial Fund activities, including shipyards, aviation depots, and research and engineering laboratories.
- o Increased competition in areas not historically subject to competition, including competition between public and private concerns for the repair of ship and aircraft components.
- o Ten separate Computer-Aided Acquisition and Logistics Support (CALS) initiatives to improve the quality and reduce the cost of development, maintenance, and dissemination of logistic and design data.

These and other initiatives represent significant potential reductions in Navy's logistics costs. Navy has been the vanguard service in increasing supply system efficiency while reducing costs over the past few years, and we have significantly reduced our personnel requirements. The DMR's projected savings are extremely ambitious and to achieve them will require both aggressive management and continued Congressional support.

Fiscal Year 1990 Program Execution Concerns

I wish to address some Navy concerns with the execution of the FY 1990 program. This year, the O&MN program assumes \$685 million in cash rebates from the revolving funds will be available to finance the budgeted FY 1990 program. If the NIF cash position does not allow these transfers, the budgeted program will have to be reduced. Based upon current projections, there is some doubt as to whether we will be able to effect the

full amount of the transfers.

Second, the twin disasters of Hurricane Hugo and the San Francisco earthquake caused major unfunded repair requirements. We received extraordinary transfer authority in the FY 1990 Authorization and Appropriations Acts for Hugo relief. This authority made it possible to transfer funds between appropriation accounts, but required careful scrutiny of repair estimates and identification of sources. A rough estimate of the FY 1990 O&MN impact is \$160 million. We received no similar extraordinary transfer authority for earthquake repairs, but did receive \$5 million from a central disaster fund in response to our initial identification of \$140 million required for repairs. The exact FY 1990 cost of repairing earthquake damage is unknown.

The next major uncertainty about the FY 1990 program involves payments to CHAMPUS. The budget has assumed savings that would partially offset unbudgeted CHAMPUS requirements. Should the savings projected in the budget not materialize, the O&MN appropriation might have a "must fund" CHAMPUS requirement currently estimated to be approximately \$250 million.

The last concern centers around the administration's request to reprogram \$285 million to the military personnel account. Without this authorization, the results would prove devastating and catastrophic -- involuntary separations of about 12,500 men and women, a freeze of up to 14,000 moves, delay of around 38,200 promotions, and reductions in recruits of about 5,300 personnel.

Summary

Once again, I appreciate the opportunity to address this committee on readiness and sustainability as they relate to the FY 1991 Navy budget submission. Our Navy remains ready to fully support national security commitments. We understand the requirement for a balanced budget and the current fiscal constraints, but the need for our great nation to retain its

maritime superiority is still absolute.

In conclusion, operating within fiscal realities dictates a measure of risk in the areas of readiness and sustainability. However, we remain committed to strive aggressively for the highest possible levels of readiness and sustainability, even with declining budgets. The FY 1991 Navy budget will allow us to sustain adequate levels of readiness without threatening national security.

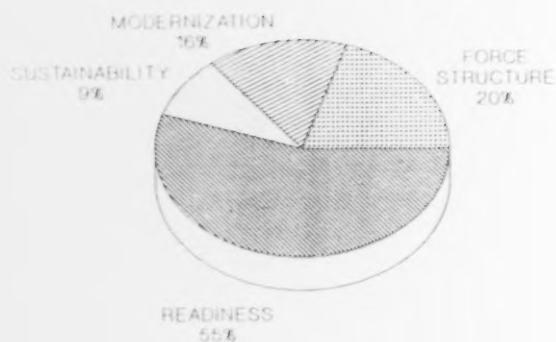


Figure 1. FY 1991 Pillar Spread

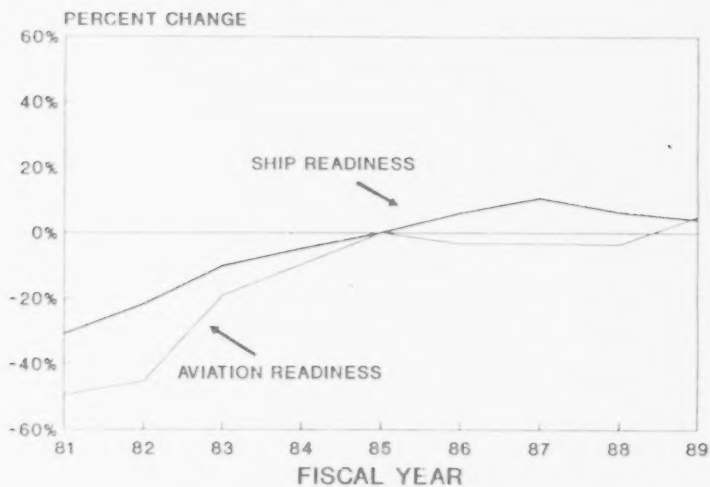


Figure 2. Overall Readiness Trend, Using 1985 as a Base.

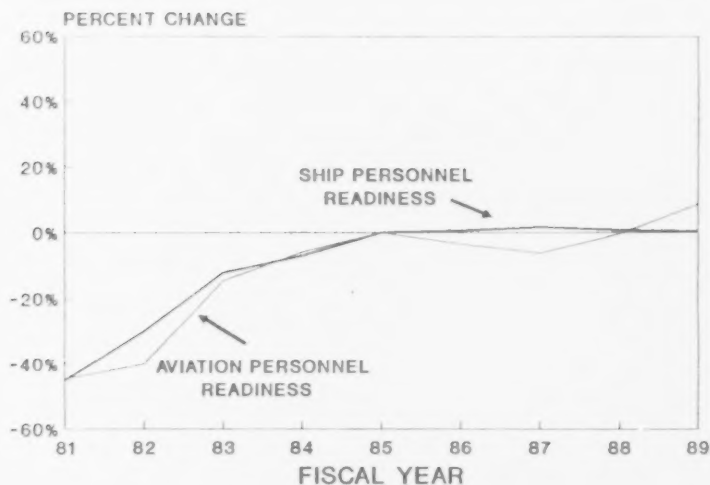
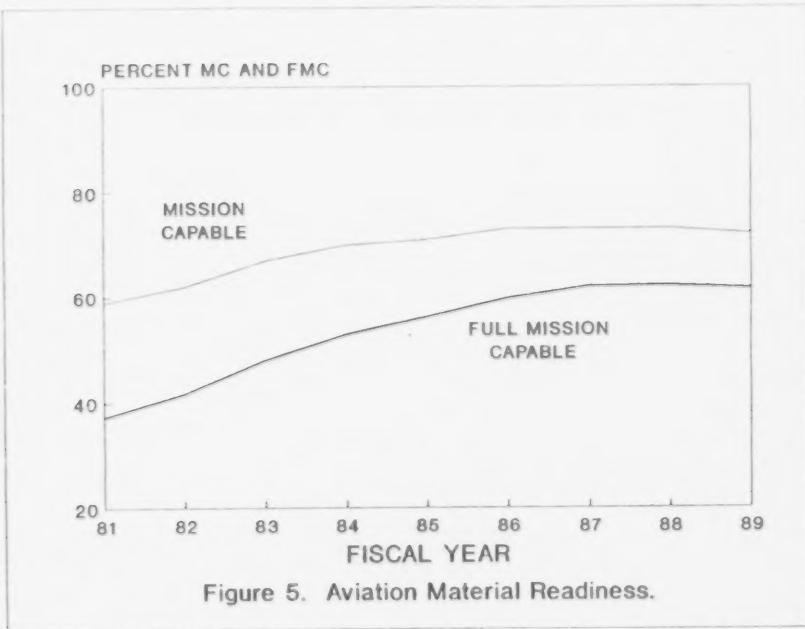
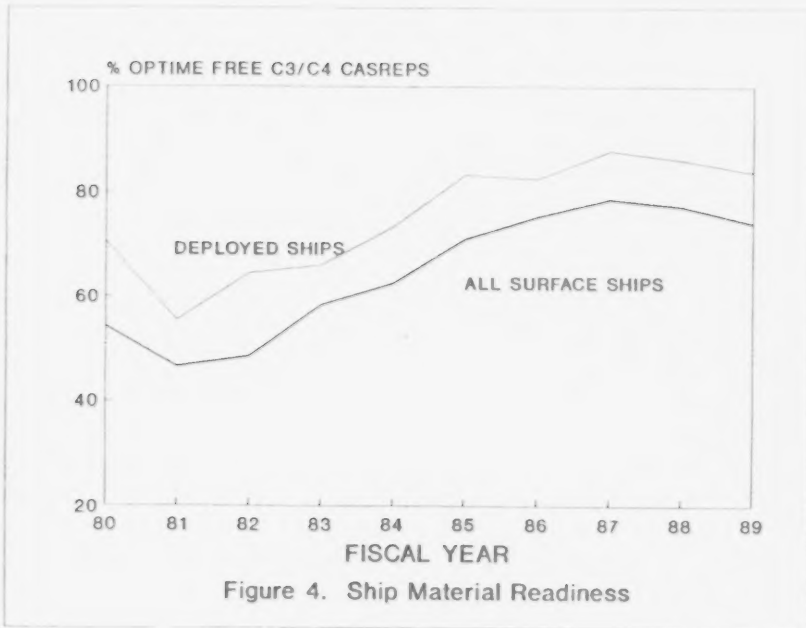


Figure 3. Personnel Readiness Trend, Using 1985 as a Base.



Senator DIXON. Thank you very much. General McDonald.

**STATEMENT OF GEN. CHARLES C. McDONALD, USAF,
COMMANDER, AIR FORCE LOGISTICS COMMAND**

General McDONALD. Mr. Chairman and members of the Subcommittee on Readiness, Sustainability and Support. This is my initial appearance before this subcommittee, and I appreciate this opportunity.

Senator DIXON. We are delighted to have you, sir.

General McDONALD. I will talk today, briefly, on the role and ability of the Air Force Logistics Command to support the operational forces in today's rapidly changing environment. Many of the more detailed comments are included in my prepared statement, which you have already indicated will be entered into the record, so let me just briefly comment on some of the principal challenges that I see facing the Air Force Logistics Command.

Clearly, the world in which we live is undergoing radical change. The historic events that are occurring in Eastern Europe and in the Soviet Union are substantially altering public views of defense needs, and will result in changes to current force structure.

Domestic priorities and accompanying changes in national priorities, have and will affect the amount of money appropriated by Congress to operate the Department. Simultaneously, the administration, through its Defense Management Report, has set out to reduce the size and the cost of the operation of the Department's acquisition and support activities. We are integrally involved in those studies and in the decisions and recommendations that have been made to date.

However, I would suggest that even in this evolving world circumstance, some things will not change. We, in my command, will still be required to maintain an improved readiness and sustainability commensurate with the taskings that we have, both peacetime and potentially in a wartime contingency. This means the functions we currently perform in support of the operational mission will not change. Even as we reorganize and the force structure changes, it will still be necessary for us to modify aircraft, to inspect and to repair aircraft. It will be necessary to do depot-level maintenance, both on spare parts as well as the larger end items, and it will still be necessary for us to stock, store and issue the parts and supplies, as well as transporting those to the operational commands.

And as you know, our mission is to enable the Air Force to conduct peacetime training, and if necessary, then to accomplish wartime tasking. I see no fundamental change in that mission, yet we will do it with fewer dollars, fewer resources and fewer people. And to do this, we must address the challenge of finding ways to decrease the cost of support while sustaining appropriate levels of readiness and sustainability.

And let me say here, parenthetically, Mr. Chairman, that the Air Force is very ready today. In fact, we peaked, probably, in overall readiness, some 2 years ago, and we still maintain very high levels of readiness, almost historic highs.

In AFLC, we are addressing the issue, however, of how to cope with the reduced resources and we have implemented some programs. We have others under consideration to accomplish that objective.

The key to reducing the cost of our operations is quality. The quality revolution is here and I think we are embracing it. However, we have just begun that task. We are working at every level of the organization, using a process-oriented approach, where we examine the way we do business by the people who actually perform the tasks.

We have some 700 process action teams that are active at this moment. Many of those have made substantial recommendations to improve not only the quality but the timeliness of our products. It also means developing stronger partnerships with our customers and our vendors to ensure the right support is provided at the proper time.

And as our work force shrinks, and it is coming down as you know, we are placing more responsibility and accountability on those who actually accomplish tasks in the structure. We are, in that process, eliminating some layers of management and oversight.

Fundamental to ensuring quality throughout the command and to empowering our employees is an adequate training program. Without adequate training, our personnel will not understand what performance levels are required or expected. And to accomplish this objective we have instituted a work force development program with the sole purpose of ensuring a highly skilled and well-trained work force.

Additionally, within the command, we have established a University of Maintenance to provide our maintenance people with the necessary training to improve their technical skills. This program will also develop career paths for different jobs and tie education to career progression.

Additionally, it takes more than training. Stability is also crucial. During the adjustments that the Department and the command will experience over the next 5 years, it is imperative to maintain as much stability for our work force as we can. As you know, instability affects morale, and that in turn affects employee performance and productivity.

So, in planning the streamlining of the command, under the auspices of the Defense Management Review, we took this premise into consideration. We believe we can implement a drawdown of approximately 7,400 positions over the next 5 years without undue mission impact, provided sufficient management flexibility and adequate personnel funding are available to support that final objective.

We also need to continue to make up-front investments to improve our critical, logistic process. This committee has supported the logistics management systems improvements that we have been undertaking now for the past 8 years, and many of those improvements are beginning to take place. And we are seeing real changes in our ability to forecast better, our ability to project our workload better, and to manage our resources at a lower level of investment.

As a key example to this requirement, we need to adequately fund reliability and maintainability programs. Those tend to be the things that go when we are in a fiscal decline, and that applies to both the design phase of new systems and to selective insertion of improved technology in existing systems.

The benefits from these programs are substantial. I will give you one example. Because of the increased reliability through technology, we currently need to overhaul the F-100 engine, that is the engine that powers both the F-16 and the F-15, once every 4,000 tactical cycles. When that engine was first produced, we anticipated we would have to do it every 1,000 cycles. That obviously means that we now need to complete depot overhauls less often. The result is a decrease in labor and material cost and a substantial budgetary saving. A continuation of such programs is critical if we are to be as efficient as we need to be.

We also need to integrate as much technology into our operations as is fiscally feasible. Any efficiency we can obtain through the application of computers, or robotics, advanced inspection processes or composite repair—to name just a few, provides us with lower overall operating costs.

This is the reason that sufficient capitalization of our industrial plant through the asset capitalization program is so critical. It allows us to do more with the diminishing resources we have available. Those are highly leveraged dollars.

This is also the reason that I strongly advocate adequate funding for the modernization of the logistics management system. Without modernization, I do not believe we can substantially improve our inventory management and our acquisition process or efficiently support the Air Force's high tech weapon system.

Now, there is one final aspect of today's changing world that I would like to address, and that is the challenge of environmental protection, as General Tuttle has already touched upon. Over the past two decades, more stringent statutes have been enacted, and although previously exempt, our installations are now required to comply with these requirements.

AFLC, I believe, is the leader within the Air Force in developing both waste minimization and environmental clean-up programs. However, the costs of compliance are growing. In fact, they are rising rather steeply, and these issues will increasingly affect our industrial activities. The public demands, as well it should, accountability for environmental degradation whether it is from the private sector or from the Federal Government.

And so, in order for us to comply with these demands, funding must match the requirements that are generated from the many laws and regulations. The future could result in personal liability, the inability of AFLC to accept additional workloads or substantial alteration of our primary mission which is depot maintenance. We believe we are ahead of this at the moment, but our overall requirements outstrip the funding that is currently available.

Mr. Chairman, I want to thank you today—for your past support of the Air Force readiness and sustainability programs and your future support as we adapt to the challenges of a world in rapid change.

[The prepared statement of General McDonald follows:]

PREPARED STATEMENT OF GEN. CHARLES C. McDONALD, USAF, COMMANDER, AIR
FORCE LOGISTICS COMMAND

Mr. Chairman and members of the Subcommittee on Readiness, Sustainability and Support of the Senate Armed Services Committee: I appreciate the opportunity to testify on the role and ability of the Air Force Logistics Command to support the operational forces in today's rapidly changing environment. With your approval, I would like to request that my prepared statement be entered into the record and briefly comment on some of the challenges currently facing the Air Force Logistics Command.

Clearly, the world in which we live is undergoing radical change. The historic events that are occurring in Eastern Europe and in the Soviet Union are substantially altering public views of defense needs and will result in changes to current force structure. Domestic priorities and accompanying change in national priorities have and will affect the amount of money appropriated by Congress to operate the Department. Simultaneously, the administration, through its defense management report, has set out to reduce the size and cost of operation of the Department's acquisition and support activities.

However, even in this evolving world circumstance, some things will not change. We will still be required to maintain and improve readiness and sustainability of our force structure commensurate with our taskings. In AFLC, this means the functions we currently perform in support of the mission will not change. Even as we reorganize and the force structure changes, it will still be necessary for aircraft and other weapon systems to be inspected and modified; for depot maintenance to be performed; and for parts and supplies to be stocked, stored, issued, and transported to the operational forces.

As you know, AFLC's mission is to enable the Air Force to conduct peacetime training, and if necessary, accomplish wartime tasking. I see no fundamental change in this mission, yet we will accomplish this mission with fewer dollars, fewer resources, and fewer people. To do this, we must address the challenge of finding ways to decrease the cost of support while sustaining appropriate levels of readiness and sustainability. In AFLC, we are addressing this issue and implementing programs to accomplish this objective.

A key to reducing the cost of AFLC operations is to emphasize quality in every thing we do. Throughout AFLC, at every level of the organization, this means a process oriented approach to achieve continuous quality improvement. It also means developing a strong partnership with both our customers and vendors to ensure that the right support is provided at the proper time at minimum cost. Additionally, as our work force shrinks, more responsibility and accountability will be given to those who actually accomplish tasks, thereby eliminating previously appropriate layers of oversight and supervision.

Fundamental to ensuring quality throughout the command and to empowering our employees is an adequate training program. Without adequate training, our personnel will not understand what performance levels are required or expected. To accomplish this objective, we have instituted a work force development program with the sole purpose of ensuring a highly skilled and well-trained work force. Additionally, within the command, we have established a University of Maintenance to provide our maintenance personnel with the necessary training to improve their technical skills. This program will also develop career paths for different jobs and tie education to career progression.

To ensure a qualified work force, training alone is not sufficient; stability is also crucial. During the adjustments that the Department and the command will experience over the next few years, it is imperative to maintain as much stability for our work force as possible. Instability in the work environment invariably affects employee morale and, in turn, employee performance and productivity. In planning the streamlining of the command under the auspices of the Defense Management Review, we took this premise into consideration. We believe we can implement a draw down of approximately 7,400 positions over the next 5 years without undue mission impact, provided that sufficient management flexibility and adequate funding are available.

We also need to continue to make up-front investments to improve our critical logistics process. In the long run, these investments will help us stretch and leverage limited funds. As a key example, we need to adequately fund reliability and maintainability programs. This applies to both the design phase of new systems and to selective insertion in existing systems. The benefits from these programs are substantial. For example, because of increased reliability through technology insertion programs, we currently need to overhaul the F-100 engine once every 4000 cycles.

In the past, we needed to perform this task once every 1000 cycles. This obviously means that we now need to complete depot overhauls less often; the result is a decrease in labor and material costs and a substantial budgetary savings. Continuation of such programs are critical if we are to be as efficient as possible.

We also need to integrate as much technology into our operations as is fiscally feasible. Any efficiency we can obtain through the application of computers, robotics, advanced inspection processes, or composite repair—to name just a few—provides us with lower overall operating costs. This is the reason that sufficient capitalization of our industrial plant through the asset capitalization program is so critical; it allows us to do more with the diminishing resources we have available. This is also the reason that I strongly advocate adequate funding for the modernization of the logistics management systems. Without modernization, AFLC cannot substantially improve our inventory management and our acquisition process or efficiently support the Air Force's high tech weapon systems.

There's one final aspect of today's changing world that I would like to address and that is the challenge of environmental protection. Over the last two decades, more stringent statutes have been enacted and although previously exempt, our installations are now required to comply with these requirements. AFLC is the leader within the Air Force in developing both waste minimization and environmental clean-up programs. However, the costs of compliance are rising rapidly and these issues will increasingly affect our industrial activities. The public demands—as well they should—accountability for environmental degradation whether it is from the private sector or from the Federal Government. In order for us to comply with these demands, funding must match the requirements that are generated from the many laws and regulations. The future could result in personal liability, the inability of AFLC to accept additional workloads, or substantial alteration of our primary mission—depot maintenance.

Mr. Chairman, I want to thank you and the distinguished members of this committee for your past support of Air Force readiness and sustainability and your future support as he adapt to the challenges of a world in rapid change.

I will be happy to respond to your questions.

Senator DIXON. Thank you, General McDonald. General McCausland.

STATEMENT OF LT. GEN. CHARLES McCAUSLAND, USAF, DIRECTOR, DEFENSE LOGISTICS AGENCY

General McCAUSLAND. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to appear before you and describe how DLA contributes to the readiness, mobilization, and sustainability of the military services. In addition, I want to tell you about some of the initiatives the agency will undertake to improve our effectiveness and our efficiency.

First, let me update you on our agency's accomplishments in fiscal year 1989 and then discuss the challenge that is set before us for the remainder of fiscal year 1990.

The magnitude of our support is reflected by our accomplishments this past year. Our supply centers received 29.4 million requisitions and awarded over 1.3 million contracts. Our depots received and shipped 20.5 million line items last year. On the contract administration side, we made payments of \$56 billion to contractors, while processing nearly 2 million invoices.

I thank the past efforts of the chairman and the members of the subcommittee for recognizing our role and for providing us with the resources that allowed us to continue to be an integral part of the Department's logistics system.

Before I move into 1991, Mr. Chairman, I want to lay out this year's operation and describe the effects of our funding limitations. Reductions mandated either by the Congress or required by the Gramm-Rudman-Hollings sequestration left a shortage in DLA's

operation and maintenance account. Discretionary spending has been reduced or eliminated throughout the agency. I am referring to such programs as real property maintenance and automated data processing. When we presented the fiscal year 1990 budget, we did so as a minimum requirement. We anticipated no workload increases. We programmed a productivity increase of 5 percent and reflected more than \$50 million in related savings in that budget.

Now I would like to turn to the 1991 budget request and specific program objectives. Our submission is based on the following three considerations: that we must effectively support the military services, we must be prepared to meet our responsibilities in the event of mobilization, and we must meet these responsibilities at the lowest possible cost.

With these objectives in mind, the budget presented to you emphasizes investment in productivity. We propose to provide our employees with the tools and the environment which bring forth increased efficiency and will foster their input to the challenges that lie ahead.

Incentive programs that encourage employees to work smarter and more efficiently are paying off and will be continued and will be expanded. The DLA commitment to these efforts is reflected in the fiscal year 1991 budget, and equates to more than \$30 million in projected savings.

Mr. Chairman, to demonstrate the importance of the statements I have already made, consider that since the end of the Vietnam conflict, DLA has experienced a workload increase of more than 43 percent, yet our employee increase has been slightly more than 1 percent. Without productivity increases, our cost of operation would be approximately \$1 billion higher than what we need in 1991.

Mr. Chairman, as I stated earlier, employee input to making current production processes better is a method of obtaining greater productivity. However, the technology exists to advance our efforts dramatically, and we have recognized those technologies' capabilities in our investment account, Procurement Defense Agencies. Fully funding this account is mandatory to ensure we capture the productivity opportunities available to us.

DLA's other investment program is military construction. The categories that make up this account are replacement, environmental and safety and health. Many of our warehouses have been in existence for 50 to 70 years, and have far exceeded their cost-effective use. We are requesting \$67 million to continue efforts to correct this situation.

Environmentally-sound storage for hazardous material and waste continue as a high priority, and DLA's request includes \$13.6 million in support of this program. In addition, we are requesting three projects totaling \$8.4 million to satisfy safety and health issues that currently exist.

In summary, these investment accounts will determine how well DLA ultimately performs its mission and at what cost. I am convinced that these investments will pay off in the long term by reducing heavy repair costs and modernizing our operations and reducing costs associated with outdated facilities. I ask that the subcommittee recognize and approve these efforts as submitted.

Mr. Chairman, there are several fiscal year 1991 Department initiatives which ultimately make the entire logistics system more efficient and effective. We have come to refer to these initiatives as the Defense Management Review Decisions or DMRDs. I will discuss two of those that have the greatest significance to DLA.

The first is a movement of operation and maintenance supply costs from our account to those of the customers, the military services. In turn, we will charge those customers through a stock fund surcharge for the services that we provide. This financing method will, however, place a primary responsibility for determining our level of support and required customer resources on the customer. In turn, economic factors will force customers to make better decisions. Hence, we expect the demand pattern for our services to change.

The second decision I would like to briefly discuss is the streamlining of contract management, which consolidates most of the military service contract management responsibilities into DLA. We have performed a major portion of this mission for almost 25 years. Our performance record is supported by the Secretary's confidence in expanding our mission. This consolidation gives the Department the opportunity to establish a single-face to industry for contract management and achieve economies of scale by reducing overhead and administrative support costs. We have established the Defense Contract Management Command to handle the expanded mission and to ensure the success of this consolidation.

I would like to turn briefly, Mr. Chairman, to what has been termed as excess or inapplicable inventory. I can assure you that we view our role in this matter as a very serious one. Much of the growth in the past decade is reasonable considering our growing mission. Among the major contributing factors are price escalation, an increase in number of items we have managed, increased retention stocks, which include holding needed items for active weapon systems and life of type buys, and buys in support of diminishing manufacturing sources.

We have a number of actions under way, however, to reduce this growth. First of all, we are buying less. Second, we are cautiously disposing of more inventory, and third, we are trying to improve our ability to predict customer demands. And maybe more significantly, we are greatly expanding direct contract delivery where no depot stocks are in fact established.

Our excess on order is high, and we are taking actions to drive it down. We have instituted a DLA-wide reporting system, imposed strong internal control procedures and are improving the way we do the mathematics to make the termination decisions.

And finally, I would like to discuss a subject which, perhaps, is most important because it is a framework within which all other processes operate. Our logistics system works when we have the right data for making decisions and the right people making those decisions. The continued development and improvement of our information processing systems has been a primary concern for the entire decade of the 1980s, and we have made tremendous strides.

As we approach the 1990s, these systems will continue to be a priority. Enhanced requirement determination, expedited procurement processing, improved inventory visibility and accountability,

and redistribution and reutilization of spares all depend on getting accurate information about what is available and what is needed to the decision maker in a timely manner. Our information system modernization efforts are essential to ensure that this happens.

Mr. Chairman, our operations and maintenance request assumes workload increases in contract management, quality assurance, and reutilization and marketing. The first two increases are attributed to the contract management streamlining I described earlier. The third recognizes increases attributed to the services' disposal of excess material and the flow of supplies and equipment related to base closure activities. All other logistics programs are assumed to continue at the same level as fiscal year 1990. However, there is always uncertainty about the workload estimates. Each 1 percent increase in workload costs about \$10 million.

Given the uncertainties presented by the DMRDs and the changing world, I am as comfortable as possible with our budget as submitted. If we are able to execute in fiscal year 1990, as planned, we will be able to achieve the goals we have set for ourselves in fiscal year 1991.

Mr. Chairman, I would like to say again, I appreciate the opportunity to be here, and I am pleased to answer any questions that you and the subcommittee members may have.

[The prepared statement of General McCausland follows:]

PREPARED STATEMENT OF LT. GEN. CHARLES MCCAUSLAND, USA, DIRECTOR, DEFENSE LOGISTICS AGENCY

Mr. Chairman and Members of the Subcommittee: I am Lt. Gen. Charles McCausland, Director of the Defense Logistics Agency (DLA). I am grateful for this opportunity to explain how DLA contributes to the readiness, mobilization and sustainability of the military services, and also to tell you about some of the initiatives the agency will undertake to improve the effectiveness and efficiency of our mission responsibilities.

Before I outline our program capabilities supported in the fiscal year 1991 budget request, I would like to update you on our agency's responsibilities, our role in the overall DOD logistics effort and the challenges set before us for the remainder of fiscal year 1990.

DLA exists to support the Commanders in Chief (CINCs) and the military services. In doing so, we provide the fuel, clothing and subsistence items used by the services, as well as many of the hardware items, repair parts and other consumable items required by their weapon systems. In total, we manage over 65 percent of the consumable items in DOD and fill about 74 percent of the total requisitions.

We administer contracts primarily for the Department of Defense (DOD), but in some cases for other Federal agencies, such as the National Aeronautics and Space Administration (NASA). In doing so, we conduct our business with approximately 30,000 contractors, which involves assuring that the contractors' total performance is in accordance with contractual commitments, assuring contractual quality requirements are met and paying contractor invoices.

We operate the Federal Catalog System and are responsible for management of the reutilization and marketing of excess Department of Defense property. In addition to those tasks, we are responsible for managing the National Defense Stockpile.

We are involved throughout the life cycle of the major systems process, from providing technical information during the engineering and development process, to disposal of items when a system is phased out. The services turn in excess items, usable or unusable, including hazardous material, to one of our 217 Defense Reutilization Offices located throughout the world. They screen the material and it is either reutilized, donated, or sold, with the funds being returned to the Treasury.

The magnitude of our support is reflected in the following fiscal year 1989 data: received 29.4 million service requisitions; supplied \$11.3 billion worth of supplies; awarded over 1.3 million contracts through our Supply Centers; received and shipped 20.5 million line items at our Supply Depots. On the contract administration side, we made payments of \$56.3 billion to contractors, while processing nearly

2 million invoices. In doing that, we obtained almost 95 percent of the discounts called for under the contracts we paid.

Weapon system items represent approximately 50 percent of the requisitions we receive. They are managed more intensely and, therefore, have a supply availability higher than non-weapon system items. In the supply area, our effectiveness, as measured by the percentage of time we have stocked item, on hand, to satisfy customers' requisitions was 89.4 percent in fiscal year 1989. So far, in fiscal year 1990, it is 89.6 percent.

Earlier, I mentioned the National Defense Stockpile. The stockpile is an inventory of strategic and critical materials that would be needed during a national emergency. The inventory includes a variety of materials such as copper, zinc and platinum.

In summary, DLA issues supplies which we have bought and stocked, manages the contracts to ensure we receive quality products, and performs the task of disposing of an item after it has served its useful purpose. These are the actions of a hands-on work force that provides a high quality service deserved and demanded by the Armed Forces. The missions we have are not glamorous, but necessary. I am grateful for the past efforts of this subcommittee for recognizing our role and for providing us with the tools that have allowed us to continue to be an integral part of the Department's logistics system.

The business and the levels of support I have described are real. We are proud of our peacetime record and I can assure you that I take my responsibility for wartime logistics support very seriously. To enhance this support, I am committed to completing Memoranda of Understanding with each CINC for wartime support. These agreements define command objectives and reinforce operational relationships between CINC and DLA organizations in their respective areas of responsibility.

Due to the role DLA plays in the overall DOD logistics system, we are an active participant in JCS-sponsored exercises. But most recently, we have experienced a real world situation that has tested our capability to provide immediate crisis mandated logistics support. I am referring to "Operation Just Cause." From its outset through its successful completion, we received requisitions in support of the operation. We shipped more than 2,000 tons of rations, 120 tons of clothing, 300 tons of medical supplies and over 25 tons of repair parts. Also included was humanitarian aid for the Panamanian people.

Before I move ahead to fiscal year 1991, I want to lay out this year's operations and the effects of some of the difficult decisions made by this Congress and the Secretary of Defense.

Reductions mandated either by the Congress or required by the Gramm-Rudman-Hollings sequestration left a shortage in DLA's Operation and Maintenance (O&M) account of about \$35 million. When we presented the fiscal year 1990 budget, we did so as a minimum requirement. We programmed a productivity increase and anticipated no additional work load in that budget. We believed that these were realistic expectations.

Now I would like to turn to our budget request and specific program objectives. Our budget submission is based on the following considerations:

1. That we must provide effective and quality peacetime support to our customers—the military services.
2. That we must be prepared to meet our responsibilities to provide that same level of support in the event of mobilization.
3. That we must meet our responsibilities at the lowest possible cost, which means that we must find ways to significantly increase productivity.

The budget presented to you emphasizes investments in operating equipment and office automation equipment. This is a continuance of our efforts to increase productivity using today's technology. Improvement of our management information systems goes hand-in-hand with our equipment modernization efforts. We will continue to provide our employees with the tools and the environment that will foster increased efficiency. We recognize that our employees are our greatest resource in developing and implementing new and better methods for doing their jobs, and we are exporting their mission enhancing ideas from one activity to another. Incentive programs that encourage employees to work smarter and more efficiently are paying off and will be continued. I am confident that the course of action that I have described will provide productivity improvements of at least 3 percent per year. The DLA commitment to these efforts is reflected in the fiscal year 1991 budget and equates to more than \$30 million in savings.

To demonstrate the importance of the statements that I have already made, consider that since the end of the Vietnam conflict, DLA has experienced work load increases averaging 3-4 percent per year, yet we have approximately the same number of employees now as then. This has been accomplished despite increases in

personnel needed to perform a more complex procurement process. Without this productivity increase, our cost of operations would be approximately \$1 billion higher than needed in fiscal year 1991.

Making current production processes better by working smarter is but one method of improving productivity. The DLA work force is progressing well in that regard. However, the technology exists to advance our efforts dramatically and we have recognized those technology capabilities in our Procurement, Defense Agencies (PDA) request. The DLA PDA budget focuses on labor-saving equipment totalling \$130 million. I realize that such a request is ambitious, but as I will demonstrate, not without merit.

First, let me remind you that we are determined to reduce the cost of doing business and we must do so in a manner that allows us to deliver quality goods or services at a lower cost to the customer. The way we approached our equipment requirements was twofold: replacement and modernization. The replacement portion is self explanatory and includes items such as forklifts, vehicles, cranes, front-end loaders and miscellaneous office equipment. These items must be replaced when maintenance begins to exceed replacement costs. Replacement items are almost \$16 million of a \$130 million program.

The modernization effort, however, is the side of the equation that needs further explanation. We have significant annual swings in the amount of modernization we request in our depots for mechanized material handling equipment. This is often a function of trying to modernize an existing building with new equipment. Where it pays off, we redesign the system to fit the facility. In other cases, we request military construction funds to construct a building to fit the system. In either case, we strive to meet the goals of better support at a lower cost. In fiscal year 1989, we were authorized and appropriated \$30.1 million in mechanized material handling equipment. In fiscal year 1990, DLA requested, was authorized and appropriated \$16.2 million. Our fiscal year 1991 request is for \$33.3 million.

Automated Data Processing (ADP) and Telecommunications equipment lie at the heart of increasing both the efficiency and the effectiveness of DLA's labor intensive work force. The business that we manage requires massive amounts of data. Today's environment requires that much of this be done in hard copy paper format. It is not in paper format because it's always the correct or proper way of conducting business, but because we have not envisioned the advantages offered by ADP. I understand the risk I run by submitting a substantial increase for this particular line item, but the alternative is to accept the consequences of either greater future operating costs or decreased support and I find that alternative unacceptable.

DLA's other investment program is Military Construction (MILCON). The categories that make up this account are replacement, environmental, and safety and health. Our supply missions are, for the most part, performed in warehouses used for storage and in many cases also serve as office space for our white collar work force. Some of these have been in existence for 50-70 years and because they have far exceeded their cost-effective use, need to be replaced. We are requesting \$67.7 million to continue past efforts to correct that situation. Environmentally sound storage for hazardous materials and wastes continues as a high priority, and DLA's request includes \$13.6 million in support of this program. Three projects totalling \$8.4 million are required to satisfy safety and health issues.

Also included in our MILCON request is information on a Third Party Financing initiative to fund an Operations Center at the Defense Construction Supply Center (DCSC) in Columbus, OH. This project is urgently needed to provide space for our significantly increasing work force in Columbus. It will bring employees in from currently leased space, eliminate the requirement for an additional major lease, eliminate high maintenance costs on obsolete utility systems in converted 1918 and 1942 warehouses, and provide an environment that can handle modern office equipment without the power outages and brownouts that now occur. This project has received major attention in our agency. Upon completion of the request for proposals, we will solicit and evaluate proposals from contractors and compare lease/purchase costs to construction costs. At that point, should Third Party Financing demonstrate that it is the most cost effective means of funding, the process dictates that we present the project to the appropriate committees for approval. If it is not the most cost effective solution, we will seek support for MILCON funding.

In summary, the investment accounts, PDA and MILCON, reflect on how well DLA ultimately performs its mission. These are, in most cases, not quick pay back programs, but I am convinced that they will do so in the long term and ask that the subcommittee recognize and approve these efforts as submitted in the DLA budget request.

Several departmental fiscal year 1991 initiatives will ultimately make the entire logistics system much more efficient and effective. We have come to refer to these initiatives as Defense Management Review Decisions or DMRDs for short. I will discuss two of those that have the greatest significance to DLA:

First, the movement of operation and maintenance supply system costs from our account to those of our customers, the military services. In turn, we will charge those customers through a stock fund surcharge for the services we provide. Without question, our customers' needs drive the resources we consume. This financing method will provide greater visibility to the actual cost of operation. It also affords us the opportunity to make trade-offs between item (Stock Fund) and support (O&M) costs, where net savings is the determining factor, as opposed to the current appropriation barriers. For example, a manager may intensify value engineering or promote competition to decrease item costs; or in a depot more work years in transportation may increase shipment consolidation, thus resulting in lower transportation costs.

The second is the streamlining of contract management which consolidates the military services' contract management responsibilities into DLA. We have performed the Contract Management mission for almost 25 years and our record for providing excellent service is supported by the Secretary's confidence in expanding our mission to include nearly all DOD contract management responsibilities. This essentially gives the Department a single face to industry in contract management. It achieves economies of scale by reducing overhead and administrative support costs. We have established the Defense Contract Management Command, under DLA, to handle the expanded mission and to ensure the success of this consolidation.

Much has been made in recent weeks about the size of our inventory and we certainly view it as a serious issue. The growth in the past decade is reasonable considering our growing mission. Among the major contributors to growth are: price escalation, an increase in the number of items managed, buying and retaining items for life-of-type and diminishing manufacturing sources requirements, items retained for contingencies, increased retention limits—principally weapon system items, and demand fluctuation. However, we have a number of actions underway to reduce growth:

First of all, we are buying less. Four years ago we abandoned the 12-month minimum buy policy. Stock fund obligations have fallen by an average of 5½ percent a year since 1986. We are reducing the size of this year's buys even further, as a hedge against anticipated demand reductions coming from the European draw down. There is some risk associated with these reductions, but we believe it to be prudent to hold back a little now, rather than assume that demand will continue at current rates. We are also working to reduce our leadtimes, where applicable, and reducing the number of items in government warehouses by relying more on "just-in-time" type practices—today over one-third of our requisitions are satisfied by direct vendor delivery.

Second, we are disposing of more inventory, but cautiously, moving out the least active items first.

Third, we are trying to improve our ability to predict customer demand. Demand fluctuates wildly for most of our items, and long-term behavior is difficult to predict. This causes shortages as well as excesses. Both this improvement and shortening the leadtimes will allow us to reduce safety stocks without degrading customer support.

The General Accounting Office (GAO) has recently released a report dealing with our excess materiel on order. Although we acknowledge that the level of excess on order remains high at DLA, we do believe that our efforts toward its reduction are reaping some demonstrable benefit. As a result of more focused attention to the problem, the total dollar value of our excess on order materiel today is the lowest it has been since 1984. Guidelines have been distributed to both our contracting officers and inventory managers to assist them in the termination decision making process. We are reemphasizing the need for adequate supervisory review of item manager decisions on contract termination. In addition, we have instituted a DLA-wide reporting system and imposed internal control reporting procedures at our Supply Centers in order to ensure that continued emphasis is being applied to our procurement positions. We expect these actions to be of tremendous assistance to us in accomplishing what the GAO has rightly seen as a need for strengthening the decision process in our system.

The reported excess on order dollar amount represents 6 percent of the total outstanding orders. This is the population requiring an individual item review. We emphasize a review priority based on descending dollar value when the larger dollar

items have the greater pay off possibility. Frequently, emphasis on lower value orders may not reap a benefit proportionate to the resources expended, and may in fact detract from pursuing higher value actions.

This is not to say that things cannot be improved. The GAO's recommendations are well taken. Our goals are to see that our policies are clear and well-founded, our managers have the tools to implement them accurately, and there is sufficient oversight to assure that they are enforced.

Our O&M request assumes workload increases in contract management, quality assurance, and our reutilization and marketing programs. The first two increases are attributed to the Contract Management Defense Management Review Decision (DMRD) I described earlier. The third recognizes increases attributed to the services disposing of excess materiel and the flow of supplies and materials related to base closure activities. All other logistics programs are assumed to continue at the same level as fiscal year 1990. However, there is always uncertainty about the work load estimate. Each 1 percent increase in workload costs about \$10 million.

Given the uncertainties surrounding the DMRDs and the changing world, I am as comfortable with our budget as presented and believe that if we are able to execute in fiscal year 1990 as planned, we will be able to achieve the goals we have set for ourselves in fiscal year 1991.

The DLA civilian and military personnel have provided outstanding support to the services and have produced a productivity record in which they can take pride. However, we are not complacent. We can do better and are dedicating our abilities as managers, as well as our resources, to do so.

Senator DIXON. Thank you, General.

We welcome the distinguished Senator from Alabama, Senator Shelby.

Senator SHELBY. I would like to direct several questions, first to General Tuttle, if I can. General Tuttle, one of your duties as commander of the Army Materiel Command is to oversee the depot maintenance activities of the Army. In your testimony that we reviewed, you note that under the DMR process, the Army is developing plans to consolidate depot maintenance workloads, aimed at achieving greater economies and efficiencies of scale.

Can you relate to the committee today, your feelings in regard to these plans, and two, any more detail concerning what you are studying and if you have determined any cost savings at this juncture. Have you met with other services to discuss consolidation of activities on a service-wide scale, or is this a little early? General Tuttle.

General TUTTLE. Let me go to the last question first. The four of us here have been discussing this issue, in fact, we just had a meeting at the Naval Air Station at Patuxent—2 or 3 weeks ago.

Senator SHELBY. I figured you had. I mean, you are here today.

General TUTTLE. We have been working this, and in fact, our staffs have been working this very closely. As you know, we already do a lot of inter servicing, about \$200 million a year.

Senator SHELBY. But could you not do more?

General TUTTLE. Certainly, we could do more, and that is what we are exploring.

Senator SHELBY. You are talking about a lot of cost savings if you can implement it, are you not?

General TUTTLE. All of our workloads will go down somewhat, and as we go down, you have to look at the overhead and capacities and see what the possibility is for interservicing and that process is going on.

And of course, within the Army itself, we have proposed and the Secretary of Defense announced, the shifting of workload from Sacramento Army depot, beginning in about 1992 to Tobyhanna Army

depot, which is electronics communications, and that is really a cost-saving venture. We think we can save about \$46 million a year in that operation.

So, we will also be, probably, shifting some other workloads, like wheeled vehicles, which we do now at two depots into one as our Tooele depot facility is improved, and construction is completed there. It is a brand-new facility, which will be completed in about 2 years. So all those actions will relate to, reducing unnecessary workload, working to obtain cost savings and to make our depot structure more efficient.

Senator SHELBY. On page 16, I believe it is, of your testimony, written testimony, you discussed the quick response in the Anniston Army depot in fabricating night vision adapters for the squad automatic weapon, and since you recognize that work, General, at the Anniston depot, can you relate to the committee the status of operations at Anniston?

ANNISTON ARMY DEPOT

General TUTTLE. We are still not anywhere near the workload that Anniston could take. We are, I guess, at 50, 60 percent of its workload capacity, but that is simply a function of a more reliable systems that we have bought. The tank does not require as much overhaul as it did before.

Senator SHELBY. But it will down the road, though, when it gets older, will it not?

General TUTTLE. Well, we hope not.

Senator SHELBY. We hope some.

General TUTTLE. Obviously, it will be some. There has been some work, as you know, in preparing tanks for moving into Foreign Military Sales. We will expect, probably, some more of that.

IRON (INSPECTION, REPAIR, ONLY NECESSARY)

Senator SHELBY. What about pilot IRON program, how is it working?

General TUTTLE. I am sorry, sir?

Senator SHELBY. IRON, inspect and repair.

General TUTTLE. Oh, inspect and repair. We are still working that. That does save us some cost in terms of only focusing on those components that need to be replaced and repairing those, and then those that are still in good condition, continuing those in service.

So, that does save us some effort in some particular systems. In some other systems it has not proven to be as effective as we thought in terms of buying durability.

Senator SHELBY. What about third-party contracting alternatives, which you had mentioned, and I believe is on pages 37 and 38?

CONTRACTING ALTERNATIVES

General TUTTLE. As we go into the higher technology items and as we think of the nondevelopmental items—

Senator SHELBY. You will grow more into that, will you not?

General TUTTLE. We are going more into contract logistic support. What our studies are looking at is those higher technology items, locating the depot repair by those contractors at the same facility, at the same sites as we have our existing or planned depot operation. So, therefore, we can then make the decision whether to go organic or stay contract without any real impact on the work force.

Senator SHELBY. But are you not keeping a pool of workers that way?

General TUTTLE. We would certainly keep a pool of workers that way. Yes, we would raise a pool, obviously, in the new system at the site, probably retrain or move over workers on the——

Senator SHELBY. Are you running into internal trouble at DOD or OMB?

General TUTTLE. No sir, not yet.

Senator SHELBY. General Tuttle, it is my further understanding that DOD is looking at lab consolidation and demonstration projects in a different area. I believe the exercise—what do you call it, DMR-922?

CONSOLIDATION PROJECTS

General TUTTLE. Yes, sir.

Senator SHELBY. Can you give the committee, this afternoon, any details of this or any other reviews that are ongoing concerning lab consolidation and where are you going?

General TUTTLE. Sir, all I can tell you is that the Army has completed its own study, called Laboratory 21, looking into the 21st century at the technologies that are available, how we ought to organize ourselves, how we can do away with overheads, how we can get the new facilities that we will need for new technologies and rationalize all of this together.

What we know is that synergy is a major requirement on our projects, as our systems require both electronics, firepower, survivability aspects, and they need to be worked together. So, that is the genesis of our study in looking at the whole laboratory system, because we have some fairly old facilities.

That study has been briefed to Mr. Atwood, Deputy Secretary of Defense with fairly favorable reaction. Mr. Cheney, I understand, is considering it, and so, as soon as that decision or judgment is rendered, then I think we can make it available to everyone.

Senator SHELBY. What about test and evaluation consolidation? I mean, testing, do you want to comment on that?

General TUTTLE. I will be glad to. I command—of course, the Test and Evaluation Command (TECOM). Within the Army, and in my side of it, the consolidation has, so far, had very little impact. What we have done is taken the few test activities we have in our commodity commands and essentially put them under central control of our TECOM. There will be hardly any movement, some attrition of people as we get rid of some overhead, some supervisors that we probably do not need as much as we thought we did, but still the work will go on. So I would say it is of marginal impact, as far as we know right now. We do not anticipate anything further from DOD on that.

Senator SHELBY. Thank you, Mr. Chairman.

Senator DIXON. I thank the Senator from Alabama.

The Senator from Michigan, Senator Levin.

Senator LEVIN. Mr. Chairman, thank you. I wonder if we could ask Dave Lyles or someone on the staff to put a chart up on the screen?

I would like to talk to you about DOD inventory. There has been a lot of stories and discussion recently about surplus inventory, and these are DOD figures that have been put together by the General Accounting Office, but they are from the DOD.

As I understand it, we have a total inventory, not surplus, but a total inventory of about \$103 billion DOD-wide. Of that \$103 billion, there is about \$34 billion which is excess, divided into three categories. One is called contingency retention stock, which is useful. Another category is economic retention stock, which is also useful and intended to be maintained and retained.

The third category is what I want to focus on, which apparently everybody agrees is the true excess or what you call the potential excess, but I think it is what most people would acknowledge as the true excess, just items that we do not need. And the amount of that true excess is that total figure of \$9.6 billion for 1988. That is made up of all of the services in the columns to the right of that.

Now, there was a big jump from 1987 to 1988 in that excess column, and again, I think the words "potential" truly mean true. But the big jump there is in the Navy, and I am wondering Admiral, if you could tell us why that big jump from \$2 billion to \$6.2 billion from 1987 to 1988?

Admiral ARTHUR. I am not sure I could explain that total jump, but let me tell you where we think the excesses are as we view what we think is the inventory problem.

What you are really talking about is that piece of the pie called inapplicable inventory, and we try to understand this inapplicable inventory. The second pie takes that inapplicable inventory and divides it up into two pieces. One is modernization. Basically, as we modernize our equipment, the old gear comes off and goes back into the supply system. Some of that gear is still usable, some of it is in need of repair. Some of it is put back because we have allies who are using that equipment through foreign military sales so that we continue to maintain the spare parts for that.

So, these are parts that have served their intended purpose, and so we keep them for contingencies, in case we have to reactivate the F-4s again, and also to satisfy foreign military sales, such as the British F-4s. In many cases, the cost to maintain them is less than it is to dispose of them. And of course, we have been on a disposal moratorium for several years, so we have been unable to get rid of those items that we would like to.

Senator LEVIN. Could I interrupt you just for one minute. What is the disposal moratorium?

Admiral ARTHUR. It was a DOD-imposed moratorium. By, then, Mr. Taft, who was basically fed up with reading articles in the newspaper that said, the local junkyard dealer went out to the disposal site, bought a piece of test equipment and came right back to the front gate and sold it back to the military. Of course there were some pieces of gear that fit that mold, that were one of a kind type

thing that all of a sudden we found that we needed back in the inventory again.

And so he said, until you can figure out what you should dispose of or should not dispose of, I have imposed a moratorium, so we have just been gathering this stuff over the last 4 years.

Senator LEVIN. How long has it taken you to figure that out, though?

Admiral ARTHUR. DOD is about ready to lift the moratorium, and we have been given some flexibility now to start disposal actions again. So you will see——

Senator LEVIN. When did you get that flexibility?

Admiral ARTHUR. This year, sir.

Senator LEVIN. This fiscal year or this calendar year?

Admiral ARTHUR. This fiscal year.

Senator LEVIN. So, sometime since October 1 of last year?

Admiral ARTHUR. Yes.

Senator LEVIN. My understanding was that you disposed of some inventory last year, last fiscal year. Is that not true, that there was some excess inventory which was actually disposed of in the last fiscal year?

Admiral ARTHUR. I would have to get back to you for that. I am not aware of that.

Senator DIXON. Admiral, may I say to you and all of you fine gentlemen here, that all of us understand, as Senators who rely on our staff, that you cannot know all the answers anymore than we can. Feel free to refer to your aides, and if you feel more comfortable about having them immediately at hand, do so.

Senator LEVIN. The testimony that we received from the Deputy Comptroller of the DOD, Mr. Shycoff, it was about \$.5 billion disposed of last year. So, I do not know what kind of moratorium——

Admiral ARTHUR. Admiral Straw, who is my supply type, can answer part of what we are involved in here today.

Senator DIXON. Would you identify yourself so the reporter will have your name and your rank?

Admiral STRAW. Sir, I am Admiral Edward M. Straw, and I am the director of materiel for Admiral Arthur. In last fiscal year, that is correct, we did dispose of approximately \$500 million worth of obsolete material that had generated over time as a result of modernization programs as shown on that chart. Materiel, for example, from the F-4 aircraft, which has been essentially replaced by the F-14 and F-18 aircraft.

Senator LEVIN. It was not then a total moratorium?

Admiral STRAW. There was an agreement with the DOD staff that allowed us to undertake a pilot to begin disposing in preparation for the lifting of the moratorium, which has now been authorized this fiscal year.

Senator LEVIN. How much will be disposed of this fiscal year?

Admiral STRAW. This fiscal year we will start heavy disposal. I would say over the next 24 months, the Navy will dispose——

Senator LEVIN. Just this fiscal year, how much are you taking credit for in your budget from the sales of surplus property?

Admiral STRAW. We get about 5 to 10 cents on the dollar. I would expect that we would dispose of another \$500 million total this

fiscal year, but over the next 2 fiscal years, I would expect to see us go to about \$6 billion, sir.

Senator LEVIN. Is that in the Navy?

Admiral STRAW. Yes, sir. That is Navy only.

Senator LEVIN. Can you show us in the Navy budget request or the budget that has been submitted to us, where that \$500 million is that you expect to receive from sales?

Admiral STRAW. The \$500 million, as it is sold through the disposal process, generates to the U.S. Treasury. It does not come back to the U.S. Navy.

Senator LEVIN. You do not take a credit in your budget for that?

Admiral STRAW. No, sir, it goes to the Treasury. We offset, however, spare parts budget requirements by any application of the long supply inventories on hand. So you see a net Navy budget request that has already been offset by any projected usage of material that is held in the inapplicable inventory category..

Senator LEVIN. Did that moratorium apply to all three services?

Admiral STRAW. Yes, sir.

Senator LEVIN. And are all three services now out from under that moratorium?

Admiral STRAW. Yes, I believe that is correct.

Senator LEVIN. Can we get the estimate first from the Army and the Air Force about how much you expect to dispose of this year? The Navy said \$.5 billion.

General TUTTLE. We are running at about \$200 million in the first quarter sir, so I would assume that rate will continue. About \$800 million this year.

Senator LEVIN. \$800 million, and that was the book value?

General TUTTLE. That is book value, so on 5 cents on a dollar, it is about—we do like the Navy, we offset up front what we expect to get.

Senator LEVIN. And in the Air Force?

General McDONALD. We anticipate \$1.1 billion in disposal this year, and again, that share of recovered assets goes back to the general Treasury at about the same rate.

Senator LEVIN. Now, on that chart that you have got up there, Admiral, that is your piece of the total unrequired item, is that correct?

Admiral ARTHUR. Yes, sir.

Senator LEVIN. What I was asking about before was the excess. That is too big a pie. I was just asking what the total \$9.6 billion pie, of which your share is \$6.2 billion. Do you have a chart on that \$6.2 billion?

Admiral ARTHUR. We show that number in our accounting records as inapplicable inventory. The numbers I have displayed here are larger than your numbers. I have got—

Senator LEVIN. Is there a \$6.2 billion up there?

Admiral ARTHUR. No, sir. I have got \$8.8 billion on the modernization side, and I have got a \$2.2 billion on the demand variability side.

Senator LEVIN. Do you add those together?

Admiral ARTHUR. Those together, what I call inapplicable inventory, is \$11 billion.

Senator LEVIN. Is that what you would consider true excess?

Admiral ARTHUR. Well, I do not really consider that true excess. Senator LEVIN. What is the true excess in the Navy?

Admiral ARTHUR. The true excess in the Navy is about \$3.8 billion.

Senator LEVIN. How about the Army? Do you define it the same way?

General TUTTLE. Your chart is about \$400 million. That is about right, between \$400 and \$500 million is our latest evaluation.

Senator LEVIN. And how about the Air Force?

General McDONALD. I show \$1.2 billion in potential excess.

Senator LEVIN. So, the Army agrees the true excess is \$400 million; the Air Force would say—would you say the true excess is \$1.2 billion? And the Navy disagrees with the number that I had up on the chart that was up there before. Instead of \$6.2 billion, you think it is about—

Admiral ARTHUR. \$3.8 billion.

Senator LEVIN. \$3.8 billion.

Are any of the services continuing to purchase items that we already have in true excess?

Admiral ARTHUR. When we put together our budget, we compare the parts that are in the system against the requirement for those parts, decrement from that requirement, and then buy the delta. So each year we go back through and validate.

Senator LEVIN. My question is a little different. Are you now buying items, any items, that are already in true excess, as you have defined it?

Admiral ARTHUR. No, sir.

Senator LEVIN. How about the Army?

General TUTTLE. Not that we know of, sir. Let me define what I mean. The numbers that you see here are those that we know are excess. There are probably some excesses in the field, which are now better captured. We are getting a handle on those. Not an awful lot; we do not think as much as you have seen.

But insofar as we know, we are not buying any items already in true excess. We are doing like the Navy and the other services and screening before we buy.

Senator LEVIN. Do you have a system in place right now to avoid buying more items than we already have in excess. Do you have a good system in place right now? Admiral first.

Admiral ARTHUR. Yes, sir, I think we do.

Senator LEVIN. How about the Air Force?

General McDONALD. I believe we do, sir.

Senator LEVIN. And the Army, you are satisfied you have a good system?

General TUTTLE. Sir, it is not to the standards that we would like. We do not have visibility into the field assets to the extent that we need to make sure we are not buying items which may be excess in the field. We are getting better at that. And before you came in, in my oral testimony, I mentioned our Objective Supply System that we have started at Ft. Hood, which gives us visibility of the assets that are there in the field. And that will help us enormously to gain control and make sure we do not do dumb things.

Senator LEVIN. What does it cost us a year to store the true excess? Let us go service by service.

General McDONALD. Within the Air Force, we estimate about 1 percent of the dollar value of the item across all items. Obviously, it costs more to store bulky items than it does small, individual parts, but on average 1 percent.

Senator LEVIN. How about the Navy?

Admiral ARTHUR. I do not have that number.

Senator LEVIN. Could you supply that number for the record?

Admiral ARTHUR. Yes.

[The information follows:]

Navy costs accounts do not currently facilitate an exact accounting of the costs incurred by holding inactive items. While there is a cost associated with holding inactive inventories these costs are quite small. Navy has not built nor are there plans to build additional facilities to add storage capacity for this type of inventory. DOD Instruction (DODINST 4140.39) sets 1 percent per year of the value of the inventory as an estimate of the cost of storage. However, this 1 percent includes receipt, packaging, issue and several other costs. Since these costs represent most of the 1 percent "storage cost" and apply to active items not inactive ones, we conclude that storage costs for inactive items would be but a small fraction of 1 percent. We are conducting further analysis to ascertain the actual cost.

General TUTTLE. We were estimating last year we did dispose of the same amount, nearly \$800 million, that we probably saved some \$38 million in storage costs, so I would say we are in the same ballpark of numbers, so that is about 1 or 2 percent of the inventory.

Senator LEVIN. My time just went over. Senator Shelby.

Senator SHELBY. Thank you. What effect, if any, has the civilian hiring freeze had on your operation, General Tuttle?

General TUTTLE. It makes it more difficult. It makes managing much more difficult. We have difficulty replacing the critical people.

Senator SHELBY. Such as lab people?

General TUTTLE. Lab people, even people down at Anniston Army Depot who operate critical pieces of equipment. We have a problem right now. We have a request for an exemption and some of those are being granted.

Senator SHELBY. Over time that could cripple you, could it not?

General TUTTLE. Over time, it could cripple us. I hope the intent of this—and we understand the intent of this is a very short-term thing, to get us settled down and generate funds.

Senator SHELBY. Admiral Arthur, the same thing with the Navy?

Admiral ARTHUR. One of the particular areas that impacts us is in our nuclear shipyards. Of course, if you read what is going on with the Department of Energy and the tremendous demand that they have on nuclear-qualified personnel, the hiring freeze is foregoing our opportunity to replace those very highly qualified people as they leave our employ, so it has major impact there.

The other hidden impact is the fact that the normal attrition of people has slowed down, and consequently in some cases we are finding our personnel accounts suffering because we have not lost the people we thought we were going to lose in the normal attrition cycle.

Senator SHELBY. But you have not recruited the ones you need, have you?

Admiral ARTHUR. We have not recruited. So we have the higher pay scale people in many cases, still on board without the lower

pay scale people to offset them; as a result we have a slightly increasing personnel account in some instances.

Senator SHELBY. Similar things in the Air Force?

General McDONALD. Similar, particularly in the software technicians and engineers. We have seen some imbalance in our work force.

Senator SHELBY. That will become more and more acute, will it not?

General McDONALD. It will if the hiring freeze were to be continued indefinitely.

General McCAUSLAND. We have had some spotty locations where we have had that problem, such as hazardous waste disposal technicians in our disposal yards, and so we have gone in for an exception and received approval from the Secretary to hire those limited numbers of people in those key positions.

Senator LEVIN. Let me get back to this excess issue.

We are looking at a DOD book here that gives us the excess for the Army and the Navy and the Air Force, the DLA and all those numbers are close to the numbers on that chart except for the Navy, which is way off.

The number in the book that we have is like the number in the chart, but your testimony differs from the number in the book. You said it was like \$3.4 billion, and according to the DOD book we have here it is \$6.7 billion, which is very close to the number that is on the chart for 1988. This is the 1989 book that I am looking at here.

So, Admiral, there is some kind of a discrepancy there, because the Air Force and the Army and the DLA and the Marines are all—this book from the DOD is very much like that chart, except it is a year later, but it is still within range.

But the Navy figure is just way off, so I do not understand when you say \$3.4 billion, which is what I believe you said. This book for the Navy says \$6.7 billion for 1989. Where is the discrepancy between your \$3.4 billion and the \$6.7 billion?

Admiral STRAW. \$3.8 billion is a 1988 number. The 1989 number is \$6.7 billion.

Senator LEVIN. So this book for 1988 would show that—that is wrong then?

Admiral STRAW. That is correct, and it is unfortunate that this happened. However, the reason for the growth is that the Navy, in working with the DOD staff, has been aggressively validating the categories of long supply material, and in preparation for the disposal moratorium lifting, the Navy is moving material, as it validates it to be true excess, from contingency and FMS accounts over to the potential excess column.

Senator LEVIN. GAO either got the wrong number from the Navy, or the Navy gave the wrong number to the GAO. Is that what happened?

Admiral STRAW. I suppose so. I will find out and get you an answer.

[The information follows:]

The answer is provided in two parts. First, the underlying question is why Navy experienced a large increase in potential excess from 1987 to 1988 and in turn from 1988 to 1989. The answer is that between the end of fiscal years 1987 and 1989,

Navy shifted \$3.5 billion of inapplicable inventory from contingency retention to potential excess as part of an aggressive sales program to foreign users and as the initial step in preparing this material for disposal. This material had been stratified in the contingency retention category because of the OSD mandated disposal moratorium. Hence the growth in Navy's potential excess is nothing more than a recategorization within Navy's total inapplicable inventory as a result of planned management actions to either sell to foreign users or dispose of inapplicable inventory. Second, as to whether the GAO number for potential excess (\$6.2 billion in fiscal year 1988) is correct or not, the answer is that it is correct. The \$3.8 billion cited by Navy is "true excess" which is the not ready for issue portion of potential excess. The confusion resulted from the assumption that potential excess and true excess are equivalent.

Senator LEVIN. It is a pretty big difference. That is like \$3 billion.

Admiral ARTHUR. It is really a label though, Senator.

Senator LEVIN. The reason it has gone up so much is you are saying you are becoming more realistic as to what is surplus and what is excess?

Admiral STRAW. We have very aggressively identified what can go to disposal now that the moratorium is lifted. I would agree that during the moratorium we allowed the accounting categories to remain stagnant. Now that the moratorium is lifting, it becomes important to get the material into the correct category, and we have moved it to the correct category.

Senator LEVIN. The moratorium was in place for all the services there.

Admiral STRAW. It is important to understand that the long supply piece of the inventory is driven by modernization.

Senator LEVIN. Is it different for the other services?

Admiral STRAW. No.

Senator LEVIN. Should this pattern not be the same? Suddenly we have got a big jump in the Navy. I do not want to get to the Navy first, though. I want to go generically. If the Navy shows a big jump because the moratorium is lifted and you are becoming more realistic, or however you want to frame it, I mean I presume the same thing would be true for the Army and Air Force, and yet we do not see any major change.

As a matter of fact, I think the Air Force is actually down from 1988 to 1989. You see, the Air Force in 1988 was \$1.5 billion and in 1989 is \$1.2 billion. The moratorium is lifted, but the Air Force number is down. But the Navy, you are saying that that chart was in error and that in fact the big jump took place between 1988 and 1989 because the moratorium was lifted, but something is wrong. There is a disconnect here somewhere.

Admiral STRAW. We are dealing with accounting categories. The amount of inapplicable material has not grown over the 2 fiscal years. We have not generated any additional material in this accounting category.

The category exists because of modernization of the fleet. We put new airplanes on ships. F-14s replace F-4s, F-14s require their own allowances. As we mothball ships and mothball aircraft, we likewise mothball the spare parts.

These are in effect decommissioned spare parts. Some of them sit in contingency categories such as potential sales to foreign customers, or contingency such as needing to bring F-14s out of cocoons in the desserts and reactivate them.

What we have done is validate those requirements, keep in contingency what we need to have there, and have the balance in the potential excess account, ready to go to disposal as the moratorium comes off. We have not grown any additional excess over the year. We have simply recategorized the long supply.

Senator LEVIN. I understand exactly what you are saying. But then the other services did not follow suit. I mean, you went through a different process after the moratorium was up, or in preparation for the moratorium being lifted, than the other services. That is number one.

Number two, the Deputy Comptroller testified that the total was \$9.6 billion for 1988, and that required the \$6.4 billion to get there, so it was not just the GAO that had the wrong number, it was the Deputy Comptroller of the DOD that had the wrong number.

I mean, we are not talking about a few hundred million dollars here, although in some circles that is a lot of money. I mean, you are talking billions of dollars. You have a DOD Comptroller that comes and tells us that that true excess is \$9.6, which is what the GAO got from DOD, and that requires the \$6.4 number, and you say that is really only \$3.4.

So I really think that there is a disconnect here. Something is missing. I am not suggesting the answer. I do not know what the answer is. I am not suggesting it is insidious, or invidious, or anything. I am just saying there is a screw-up here somewhere.

Admiral STRAW. I think it is a fiscal year labeling problem, and what I would like to do is go back and get you a proper answer, sir. [The information follows:]

This response answers the underlying question as well as the specific one. First, the fundamental question is why Navy experienced a large increase in potential excess from 1987 to 1989. The answer is that between the end of fiscal years 1987 and 1989, Navy shifted \$3.5 billion of inapplicable inventory from contingency retention to potential excess as part of an aggressive sales program to foreign users and as the initial step in preparing this material for disposal. Hence the growth in Navy's potential excess is nothing more than a recategorization within Navy's total inapplicable inventory as a result of planned management actions to either sell to foreign users or dispose of inapplicable inventory. Second, as to whether the OSD comptroller is using different figures than the Navy, the answer is no. The \$6.2 billion cited by the OSD comptroller as potential excess is correct.

Senator LEVIN. Well, I will have to also then go back and ask the Comptroller the same question. I mean, is he using different figures than the Navy?

Admiral STRAW. We will coordinate with their staff and give you an answer.

Senator LEVIN. I think we had better, as a committee, ask our staff to work with the services and the DOD Comptroller to get one overall picture on this that is accurate. Senator Thurmond.

Senator THURMOND. Thank you very much.

General Tuttle, last year General Wagner testified that the significant funding shortfalls for ammunition resulted in a totally unfunded ammunition maintenance program to fiscal year 1995. He indicated that this would adversely impact the Army's ability to fulfill the joint service ammunition supply mission. Would you tell us if that statement is still true this year, and if so what must be done to correct the situation?

General TUTTLE. We still have about a \$300 million shortfall to do all the ammunition maintenance, the O&M fund support for the joint service managed ammunition that we have. That is out of about \$1.6, \$1.7 billion in the budget this year.

So there continues to be a problem. It is just one of those difficulties that we have to live with. We do the minimum maintenance that is required. I mentioned earlier in my testimony one of the problems is the demilitarization which is a piece of that \$300 million shortfall, so yes, we still have the problem, although we do have funds allocated to the function—not nearly sufficient.

Senator THURMOND. General Tuttle, as you know, many of our Reserve and National Guard units are short on equipment, or have equipment that is old and no longer economical to operate or repair. I believe the reductions in the active duty force structure may allow the services to alleviate many of these equipment shortages in the Reserves. As a materiel manager, I expect that the Army Materiel Command will play a major role in redistributing the equipment that will become available when we down-size the Army's force structure. Could you tell us what priorities you have established regarding the disposition of equipment that will become excess to the active Army?

General TUTTLE. Sir, I do not establish the priority. That is done by the Department. I execute what the priorities are that are given to us, and as a matter of fact we will be at Fort Hood very shortly as the 2nd Armored Division equipment is being stood down, and will assist in the transfer of that to the National Guard units which will get the tanks, the Bradley fighting vehicles and the other equipment.

So we will be participating in that, keeping the books, assisting in the technical inspections, helping to do repairs if that is necessary. But the Department reserves to itself the prioritization of the reallocation.

Senator THURMOND. Admiral Arthur, recently my constituents in Charleston raised the issue of equitable distribution of ship overhaul work. Could you tell me the Navy's policy on how the overhaul business is distributed to the naval shipyards?

Admiral ARTHUR. Senator, what we try to do is make sure that we level load the shipyards as much as possible so that we have the work force at all of our shipyards actively employed.

As we come down in size, of course, sir, there are going to be some disconnects from planned work load from previous estimates, and at the present time we are back looking at our maintenance structure, making sure that we have the work load equitably distributed between our shipyards plus those maintenance actions that we go to the private sector for. We review this almost on a daily basis, as issues come up relative to that work load.

Senator THURMOND. Admiral Arthur, in your statement you indicate that the Navy's peacetime construction and overhaul work alone is insufficient to support an adequate industrial base to meet mobilization requirements. I surmise that this problem will become more acute as our force structure is further reduced and older ships are retired.

Admiral, would you tell me what the Navy's mobilization base requirements are, and since you indicated we cannot meet its requirements, what are the alternatives?

Admiral ARTHUR. What we are looking at in the mobilization base, of course, is the ability to bring back on line the ships in the service that reside in the Reserve Force and the National Defense Reserve Force. What we would hope is that the commercial sector would have stayed healthy enough in its own right to support much of the private shipbuilding and ship maintenance business.

As you know, our commercial fleet has dwindled in size significantly over the years and continues that downward trend, and the sad state of affairs we see ourselves in now is that the Navy is the biggest customer, and hence the competition that we run for our conventional work between our own shipyards and the private sector makes it difficult for us to ensure that there is adequate work load that we can put out into the private sector.

As the statement indicates, as we see our maintenance load coming down, we will not be able to support the structure necessary for that mobilization base. We would hope, again, that a national sealift policy would infuse the commercial sector and make commercial shipbuilding and ship repair a viable business, and that more U.S. flags would carry our cargo so the whole industry would come back alive.

Senator THURMOND. General McDonald, in reviewing the Air Force's announced recommendations for realignments and closings, I notice that the Air Force Logistics Command will be subjected to six of these realignments and closings. Could you tell us the magnitude of these actions in terms of number of people impacted and the effect it will have on your operations?

General McDONALD. The total number of people that we anticipate will be impacted ranges in the neighborhood of 7,400 people, and those are at our five air logistics centers and at the headquarters of the Air Force Logistics Command, and they run the gamut from procurement to engineers to technicians, to wage grade blue collar workers.

Along with that, there is a significant reorganization, both at our air logistics centers and at my own headquarters, in which we are attempting to eliminate some layers of management, and for the most part the reductions will be made in that way. We make up for that difference, we believe, by the improved productivity of our depots in terms of more modern equipment, more sophisticated diagnostic equipment, and a much more sophisticated repair process.

We are confident that we can get there. It will not be easy, and in some ways it will be very painful. So far, this fiscal year, we have reduced the command by 1,480 as a result of the hiring freeze and as a result of decisions that I personally made not to fill certain positions.

We are doing that this year because of fiscal constraints in the civilian personnel budget, and indeed I am still short about \$70 million for the remainder of this fiscal year, so for me it is an imperative. For the long term, however, I believe the improved efficiencies that come from better management information systems, better repair processes and reduced levels of supervision will allow us to get there.

Senator THURMOND. General McDonald, last week General Finan, the Air Force Director of Budget Operations, testified that in fiscal year 1978 the average age of the Air Force aircraft inventory was 11.8 years. Now, I believe it is 16.3 and growing.

My concern is that the age of the aircraft fleet will grow more rapidly as we curtail the production of new aircraft because of budget cuts.

General, as an example could you tell us what the impact would be on the Air Force maintenance system if the Congress did not approve the C-17 and you would have to maintain the readiness of the current C-141 fleet?

General McDONALD. I can give you a general answer to that, Mr. Senator. And, first of all, you are correct when you identify the growing age of our aircraft fleet. It is also being reduced in size. In the specific case of the C-141, as you know, we have had center wing box difficulties with that aircraft. We are now seeing fuselage cracks in some of those with the highest flying time, and we are also seeing some additional wing problems engendered by the high usage rate.

We anticipate that we can keep the airplane viable to 45,000 hours with the existing repair processes. The average age—that is, the average usage rate of the C-141 at the present time—is in the neighborhood of 31,000 hours. So, we are talking quite a number of years here, but there is a finite limit beyond which economic repair is not possible.

And I would like to submit for the record a more detailed explanation of what that might be.

[The information follows:]

READINESS OF THE C-141 Fleet

There are two service life extension programs that have been formulated to extend the life of the C-141 aircraft. The first, which has been approved, extends service life to 45,000 hours and the second extends service life to 60,000 hours. These hours are not actual clock hours, but rather accumulated damage hours based on actual clock hours multiplied by a usage factor.

The 45,000 hour SLEP proposal is an economical, low cost-low risk program. The calendar year expectancy for this alternative is 2007, based upon Military Airlift Command's (MAC) projected flight profiles. Work involved includes repair to the wings, some main frame repair, navigational modifications, engine modifications, landing gear improvements, and replacement of pilot seats. The projected cost of the program is \$1.6 billion.

The 60,000 hour SLEP proposal is considered risky. Additional tasks in this plan include rewinging the aircraft, reengining the aircraft, work on the hydraulic systems, capability enhancements, some bulkhead work, and an electronic flight control system. The projected cost of this service life extension is the \$1.6 billion for the 45,000 hours plus \$11.5 billion of additional work for a total of \$13.1 billion. Calendar year expectancy for this proposal is 2015-2020.

Any extension beyond 60,000 hours is not feasible. Performing the work to extend the life of the C-141 aircraft this far requires rebuilding the aircraft. Further, it is not prudent to project a threat requirement and an operational environment that far into the future.

In conclusion, the cost to extend the service life of the C-141 fleet to 60,000 hours is estimated at \$13.1 billion. The issue concerning the value of such an investment is not a matter of economics; it also concerns operational utility versus cost as determined by both AFLC and MAC. The collective judgment of MAC and AFLC favors force modernization and the programmed procurement of the C-17 versus the C-141 service life extension beyond 45,000 hours. The C-141 was designed for an operational environment that no longer exists—the C-17 was designed for the future. While

it may be possible to overcome some C-141 design limitations, its military utility will always be limited by its original design. The C-17 has no such limitations.

Senator THURMOND. All right.

I presume you still favor the C-17 and feel that we need it and should go forward with it?

General McDONALD. Yes, sir.

CLOTHING AND TEXTILES

Senator THURMOND. General McCausland, the Defense Management Review directs a clothing purchase for the next 3 years will be limited to reduce inventory growth. Is that correct?

General McCAUSLAND. Yes, sir.

Senator THURMOND. Could you tell us what the magnitude of this reduction would be and what is being done to protect the domestic producer as it is essential in my judgment that we keep these domestic textile producers in business.

General McCAUSLAND. Well, the principle behind this direction is to try to somewhat reduce the introduction of new items into the system, and an incentive for the services if they want a new item, rather than to call upon us to make the investment to bring a new item into the inventory that they, in fact, must put their money up front to make that initial investment.

So I think there may be some lessening of the introduction of new items, but I think that is yet to be seen. The clothing business will primarily driven, sir, by the decline in the force structure, a decline in the number of recruits being trained because the principal driver in the clothing that we buy, sir, is a function of how many recruits go through boot camps, induction centers or the basic training centers.

So, I think if there is something that will affect that, it will be primarily the fact that the services are bringing in a lesser or fewer number of young men and women rather than an edict from OSD that says we, in fact, will buy less.

What we buy essentially will be a function of what our customers demand of us and the sales that we generate.

However, just to add something to that, we are, in fact, working very closely with a number of activities, one of which is in your State, to try to increase the productivity and the technology we use in better defining requirements and better producing items for the military. This in turn has an offshoot to the civilian economy, because, if we learn how to make a shirt better, certainly the folks who make shirts for us are the same that make shirts for the civilian customers.

Senator THURMOND. General, some people seem indifferent about protecting the domestic textile industry. We have lost between 350,000 and 400,000 textile jobs in the last few years. In my State, we lost between 25,000 and 30,000 jobs. Only yesterday another mill announced its closing in North Carolina and one in South Carolina announced a reduction of about one half its workforce.

If we should have a war, I am concerned about the situation because I feel it might be impossible to get goods from the foreign countries where we are now getting them.

I have felt that we should protect the domestic textile industry in this country, enough to ensure our national defense and to enable these textile mills to stay in business. How do you feel about it?

General McCAUSLAND. I certainly agree. You know, the rule that we follow today, sir, is the uniforms we buy and the textiles that go into those uniforms have to be domestically produced, and that is very important.

And I think it is very important not only for us to get a good quality product, which we do in fact get, from this procedure, but I think it is also important for this country to have this requirement that assets must be available to us within our shores that we should not be dependent on some foreign source to, in fact, make uniforms for our military forces.

Unfortunately you described the situation very correctly. It is that to mobilize a large military force would almost be impossible. There are not enough shoe manufacturers to generate enough shoes to, in fact, put on a large military force.

The forces that we have today generally we can handle them through domestic sources, but it would be very difficult.

Senator THURMOND. I can hardly hear you.

General McCAUSLAND. If we had to field a large military force, it would be difficult to get the items that we would need, and it would take a considerable period of time.

Senator THURMOND. Other countries have practically destroyed the shoe business in this country.

General McCAUSLAND. That is correct.

Senator THURMOND. And they are fast destroying the textile industry.

General McCAUSLAND. That is correct, sir.

Senator THURMOND. And unless something is done in some way, mill after mill will be closing year after year, and we will not have a textile industry here. I just do not see the sense in allowing these imports to come in on such a massive scale, last year they increased by 13.7 percent, and they now occupy a tremendous amount of the market.

We have felt that if we limit the import growth to the same amount of the domestic growth, that would be reasonable. So far that has not been done, but we are hoping that something can be done to keep the domestic textile industry in business. We think it is best for the country and best for defense.

General McCAUSLAND. We project this year that we will spend almost \$900 million in clothing and textiles with U.S. sources using U.S. fabrics and textiles.

Senator THURMOND. I hope you will use U.S. fabric, all you can.

General McCAUSLAND. That is the law, sir, and that is what we do. We only use U.S. fabric.

Senator THURMOND. I want to thank you, gentlemen, for your appearance today, and I think that is all we have here. The meeting now stands adjourned.

[Whereupon, at 3:35 p.m., the subcommittee adjourned, subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

MONDAY, MARCH 26, 1990

U.S. SENATE,
SUBCOMMITTEE ON READINESS,
SUSTAINABILITY AND SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

AMMUNITION PROGRAMS

The subcommittee met, pursuant to notice, at 2:03 p.m., in room SR-222, Russell Senate Office Building, Senator Alan J. Dixon [chairman of the subcommittee] presiding.

Committee members present: Senators Dixon, Levin, Thurmond, Gorton and Coats.

Committee staff members present: John N. McConnell, system manager and Daniel G. Sakura, research assistant.

Professional staff members present: Robert E. Bayer and David S. Lyles.

Minority staff members present: Romie L. Brownlee, deputy staff director for the minority; Ronald P. Kelly and George W. Lauffer, professional staff members.

Staff assistant present: Mary J. Kampo.

Committee members' assistants present: Kenneth N. Luongo, assistant to Senator Levin; Charles C. Smith, assistant to Senator Dixon; Terence M. Lynch, assistant to Senator Shelby; Robert M. Soofer, assistant to Senator Gorton; Charles G. Percy, assistant to Senator Lott, and Eric H. Thoemmes, assistant to Senator Coats.

STATEMENT OF SENATOR ALAN J. DIXON, CHAIRMAN

Senator DIXON. Ladies and gentlemen, the Subcommittee on Readiness, Sustainability and Support meets today to continue our hearings on the fiscal year 1991 defense authorization request. This afternoon we will hear testimony on Army and Air Force ammunition programs.

The conventional ammunition production base in this country is made up of a partnership of both Government owned and private sector manufacturing facilities. Even with the dramatic changes in the world of the past year, maintaining an innovative and responsive ammunition production base in this country will be essential to our Nation's security.

General Greenberg's prepared statement summed up the challenges we face in maintaining the ammunition production base

very well. He points out correctly my view that in the future we will need to get more lethal combat capability from the smaller ammunition stockpile.

Our witnesses this afternoon are: Maj. Gen. Paul L. Greenberg, the Deputy for Ammunition under the Assistant Secretary of the Army for Research, Development and Acquisition, and I understand General Granrud will be accompanying you as a fellow witness before the committee, and Maj. Gen. Edward R. Bracken, the Air Force Director of Logistics, Plans and Programs.

Gentlemen, we welcome you back to this subcommittee this year, and we appreciate your being here. Your prepared statements, as always, will be included in the record in full. We will have questions after you have given your oral testimony. We have reviewed your written statements, and we would appreciate you limiting your opening remarks to 10 minutes, if you would please, in order to have time for more questions.

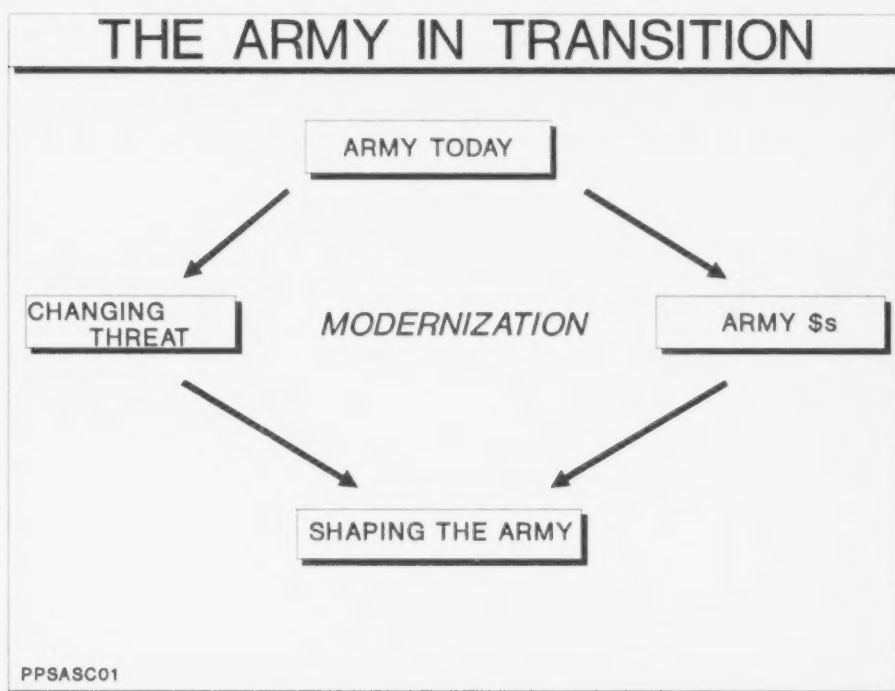
I believe most of the hearing can be conducted in open session. I believe both of you have some brief classified remarks, so we will reserve a few minutes at the end of the hearing, if you do not mind, for a short closed session.

I believe Senator Gorton, the ranking minority member will be here shortly. If he does come, gentlemen, if you will indulge me, perhaps after General Greenberg's testimony and before we go to the rest of you, I will permit my good friend and colleague to make his remarks.

STATEMENT OF PAUL J. GREENBERG, MAJOR GENERAL, U.S. ARMY, DEPUTY CHIEF OF STAFF FOR AMMUNITION, ACCOMPANIED BY JEROME H. GRANRUD, MAJOR GENERAL, U.S. ARMY, ASSISTANT DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, FORCE DEVELOPMENT

General GREENBERG. Mr. Chairman, it is a pleasure for me to again appear and report on the amended fiscal year 1991 Procurement of Ammunition Army budget.

In the past the ammunition committee has had a relatively simple goal: produce quality ammunition as quickly, safely and economically as possible. Success was measured by our ability to meet a growing need driven by an increasing threat of war. Now the recent dramatic changes in Eastern Europe have complicated our job substantially.



The Army is in transition for the first time in many decades. We now project for the European theater a decreasing threat of a protracted large scale land war and an attendant increase in warning time before substantial combat could commence.

By contrast the more likely scenario is a low intensity regional conflict of limited scope and duration. It is this changing threat projection in an environment of ever-decreasing financial resources against which our Army is being restructured and modernized.

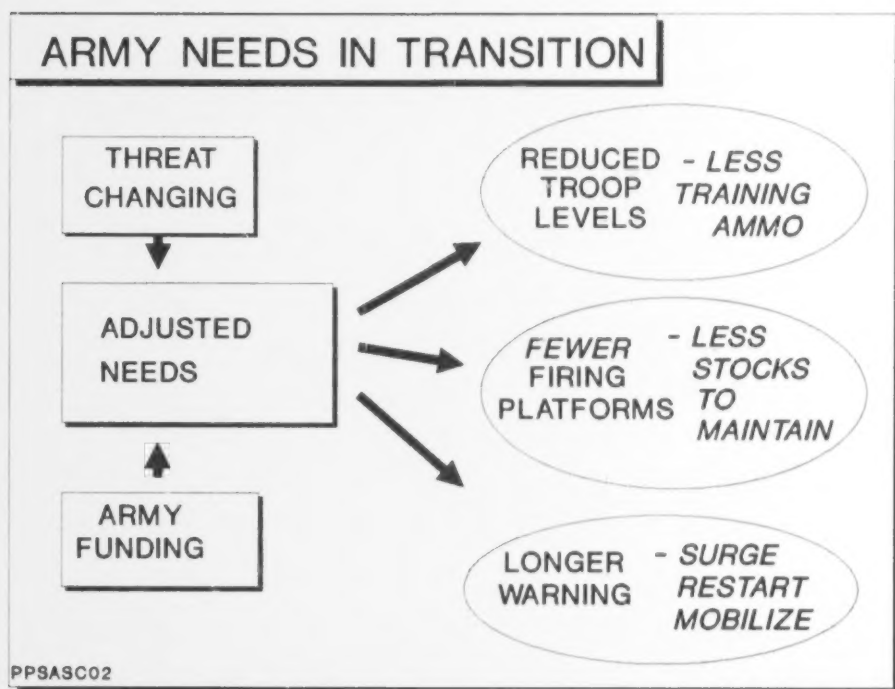
SUSTAINABILITY STRATEGY STOCKPILE IMPLICATIONS

- SMALLER BECAUSE OF MISSION CHANGES
- STOCKPILE SIZED TO MORE REALISTIC CRITERIA
- TARGETED INVESTMENT

PPSASC01A

As the operational strategists assess the world situation and adjust their operation plans to meet it, they project changes in both mix of munitions and quantities required—in most cases, less. This will mandate both adjustments in the size and composition of our stockpile and in the industrial base.

Specifically, we must selectively target our production base investment in order to obtain the greatest improvement in versatility and responsiveness. I will discuss the details of this initiative later in my testimony.



As the Army assesses its force structure and mix to accommodate perceived threat changes in this environment of limited financial resources, ammunition requirements are adjusted accordingly.

We anticipate first a reduction in troop levels, which will reduce training ammunition consumption. Second, fewer firing platforms will be in the force. Accordingly, the amount of ammunition to be stockpiled and maintained should be less, thereby saving critically short operations and maintenance dollars.

Third, increased projected warning will enhance our ability to surge a more capable, responsive industrial base, enabling further reductions to prestocked ammunition reserves.

BUDGET OVERVIEW

DOLLARS (MILLIONS)

FY90 APPROPRIATED	FY91 ABS	FY91 AMENDED
\$2,011.2	\$1,542.3	\$1,424.4

- INCREASES IN WAR RESERVE STOCKPILE
- 100 PERCENT SUPPORT OF TRAINING
- AEI AMMUNITION
- PRODUCTION BASE IMPROVEMENTS
- ELIMINATE MARGINALLY EFFECTIVE SYSTEMS
- STOCKPILE DRAWDOWN FOR TRAINING
- AIIQ/SUSTAINABILITY
- TYPE CLASSIFICATION PRODUCTION DELAYS

PPSASC03

The \$1.4 billion amended fiscal year 1991 budget request shown on this chart provides limited peace time buys of essential more lethal modern ammunitions. Modest increases to the war reserve stockpile fulfills our commitment to a trained and ready Army by supporting training 100 percent, supports our armament enhancement initiative, and improves the safety and environmental condition and maintenance of the production base.

Marginally effective systems have been eliminated from our request and only those service rounds are used for training that are absolutely essential to sustainability of key war fighting systems have been replaced.

We have changed the way the Ammunition Initial Issue Quantity or AIIQ is considered in sustainability computations. Recall that AIIQ is that amount of ammunition issued with each weapon system to provide an initial combat capability.

For example, the AIIQ quantity for a tank is those rounds that are stored in its bustle, plus that which can be moved on organic transportation. They are stored in corps storage areas normally.

It was determined that the amount, cost, and war fighting potential of this ammunition has grown to the point where we believe it must be part of our sustainability calculation. In past years, we accepted higher levels of risk associated with accelerated fielding of new programs to counter a growing threat.

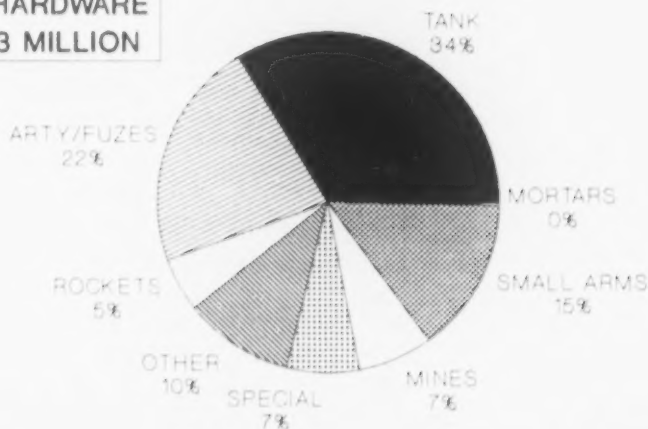
As the threat moderates, we consider it more prudent and efficient to mature a new product before we initiate production or go into mass production. We have therefore slowed or temporarily halted prior year production programs of several new items, while

fact-of-life developmental or production problems were investigated and fixed.

Fiscal year 1991 amended budget quantities have been adjusted to ensure timely produceability. The result of these actions is an austere but adequately balanced budget that will provide the right mix of ammunition to meet the needs of our Army in the field.

PROGRAM STRATIFICATION BY AMMUNITION CATEGORY

AMENDED FY91
TOTAL HARDWARE
\$1,165.3 MILLION



PPSASC04

The total request, \$1.2 billion is for the procurement of ammunition end items. On this visual we have described the percentage of each of the major categories contained within our request. The largest portion is for our first priority: tank ammunition.

With these funds we will continue to field the new 105 millimeter and 120 millimeter kinetic energy rounds as a key part of our armament enhancement initiative. I can discuss this initiative in greater detail during the closed portion of my testimony.

We will also make a substantial investment in the continued procurement of the new 105 millimeter HERA. That is the high explosive rocket assisted projectile and a 155 millimeter Baseburn artillery projectile. These rounds will give both our light and heavy artillery units a decisively longer reach.

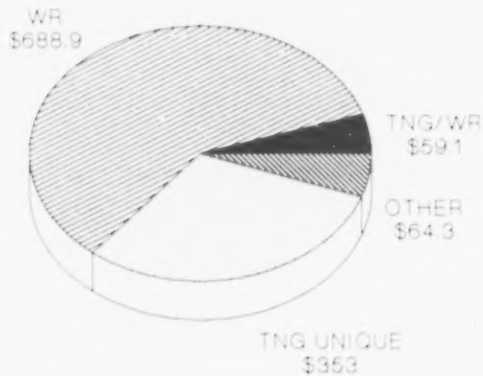
In the small and medium caliber area we build war reserves of the new 25 millimeter kinetic energy round enabling the Bradley fighting vehicle to defeat more armor at longer range.

And finally, we continue fielding the VOLCANO mine system that rapidly lays anti-personnel and anti-tank mine barriers from vehicular dispensers.

PROGRAM STRATIFICATION BY AMMUNITION USAGE

AMENDED FY91
\$1,165.3

(\$) MILLIONS



PPSASC06

Described in the terms of the way ammunition is used, we asked for approximately \$689 million for war reserve stocks, and \$412 million for training unique and standard ammunition consumed in training. The remaining \$64 million provides funds for unique ammunition requirements and to support production processes.

TRAINING SUPPORT (\$)MILLION

	FY91	
TRAINING UNIQUE	\$353.0	
TRAINING STANDARD	\$ 59.1	

TRAINING TOTAL FUNDED (AMENDED FY91)	\$412.1	
INVENTORY DRAWDOWN	<u>\$474.9</u>	OLDER ITEMS (EXAMPLE - 60 /81MM MORTAR) ITEMS THAT MEET OR EXCEED AAO EXCEEDING TNG PIPELINE (EXAMPLE - CAL 60 BLK, 25MM TP-T)
TOTAL	\$887.0	

PPSASC06A

Training requirements are satisfied in the budget request by \$412 million and also by draw-down of on-hand inventories. These are either older rounds, no longer preferred for combat use, those that meet or exceed the Army acquisition objective, or rounds that are out of balance with the rest of the stockpile.

In this manner we exercise smart management of the ammunition inventory. Ammunition sustainability is a continuing concern as we assess the changing capabilities of our potential adversaries. To that end we invest our ammunition and item dollars to provide the greatest capability for our weapon systems on the battlefield.

This requires prudent stockpile management balanced with a viable production base that can be quickly surged during emergencies. This balance will become even more critical as we reduce the funding dedicated to the maintenance and handling of the ammunition stockpile.

Sustainability will be further addressed during the closed portion of the hearing.

A CHANGING THREAT MEANS A CHANGING PRODUCTION BASE



PPSASC06

Now, I would like to talk about the production base. Currently, we find ourselves with a base that is out of balance with projected requirements. Specifically, much of our Government owned base is neither equipped or configured to meet future requirements.

Left uncorrected, the results will be increasingly inefficient production, which is already substantially increasing unit costs and, thereby reducing the amount of ammunition reaching the field.

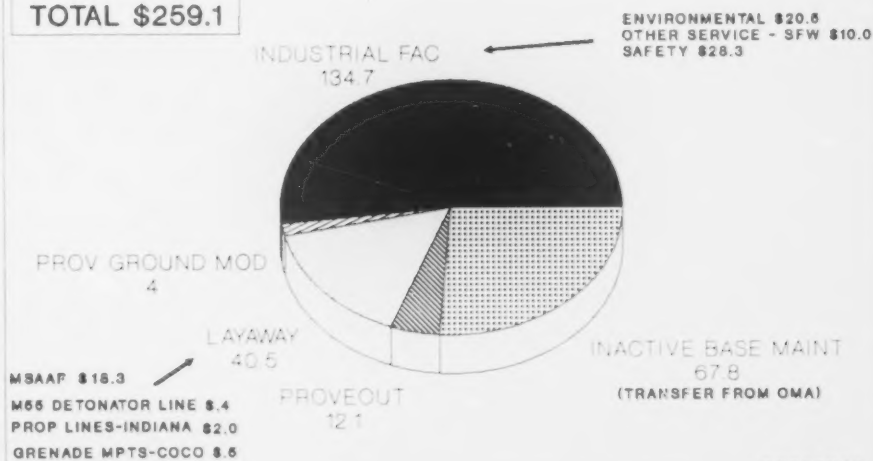
To counter this trend we envision over the next few years a smaller, more flexible core ammunition base able to produce a greater variety of future ammunition items. This active core will be backed up by a properly laid-away, responsive inactive production base.

The projected increase in warning time will allow activation of this base in time to meet mobilization requirements. The challenge for us is to make the necessary transition from the current base to a core base as smoothly as time and funds will allow.

If we move too fast we endanger our ability to deter and if necessary fight a war and win. If we go too slow we waste scarce resources by maintaining a base that is too large to efficiently satisfy peace time needs.

AMMUNITION PRODUCTION BASE (\$) MILLIONS

AMENDED FY91
TOTAL \$259.1



To that end, the Activity II portion of our request asks for \$259 million to provide funds for maintenance of the inactive ammunition base and lay-away of active facilities no longer required for peace time production.

This includes funds to complete the lay-away of Mississippi Army ammunition plant and other lines where production is projected to end, correction of safety and environmental deficiencies at the ammunition plants, and finally, maintenance and upgrade of the active Government base.

In closing I would like to emphasize that we believe that we are managing our ammunition program in an effective, balanced, and affordable way.

The fiscal year 1991 amended budget year, what we have submitted begins the execution of a plan that responds to meet the challenges of declining resources, the change in the global threat, and the necessity to streamline.

The decisions reflected in this budget were based on our commitment to provide the soldier the highest quality ammunition available from a strong industrial base capable of mobilizing quickly to support a smaller, more versatile and deployable, lethal Army.

Mr. Chairman, I would like to thank you for your time and your continued support of the ammunition program. I am prepared to answer your questions at this time.

[The prepared statement of General Greenberg follows:]

ASSESS THE CHANGE AND ADJUST THE SCENARIOS TO MEET IT, THEY PROJECT CHANGES IN BOTH MIX OF MUNITIONS AND QUANTITIES REQUIRED - IN MOST CASES LESS. THIS EQUATES TO MORE COMBAT CAPABILITY FROM A SMALLER STOCKPILE. FURTHER, AS THE ARMY AND THE SERVICES SCALE BACK THEIR FORCES, THEY PROJECT FUTURE REDUCTIONS IN TRAINING AMMUNITION REQUIREMENTS. UNDERLYING ALL THE PREDICTIONS OF REDUCED FUTURE MUNITION REQUIREMENTS IS THE VERY REAL NEED TO BE ABLE TO RESPOND TO CHANGING WORLD EVENTS, AND QUICKLY SUPPLEMENT STOCKPILES.

FURTHER COMPLICATING OUR JOB ARE THE TECHNOLOGICAL ADVANCES IN BOTH U.S. WEAPON SYSTEMS AND THOSE OF OUR POTENTIAL ENEMIES. AMMUNITION NEEDS OF THE FUTURE WILL BE CHARACTERIZED BY TECHNICALLY SOPHISTICATED, MORE EXPENSIVE ROUNDS WITH PINPOINT ACCURACY AND DEVASTATING EFFECT ON THE TARGET. MORE OF THE COMPONENTS OF THESE ROUNDS WILL BE MADE AND ASSEMBLED IN ELECTRONIC LABORATORIES, RATHER THAN IN THE HEAVILY INDUSTRIALIZED AMMUNITION PLANTS OF TODAY. THE COST OF THESE ROUNDS AND THE SPEED WITH WHICH TECHNOLOGY OFTEN REDUCES THEIR EFFECTIVENESS CAUSES US TO QUESTION THE WISDOM AND AFFORDABILITY OF CREATING AND MAINTAINING A LARGE STOCKPILE. RATHER, THE PROPER BALANCE OF CONTROLLED STOCKPILE QUANTITIES ALONG WITH INCREASED WARNING TIME WILL ENHANCE OUR ABILITY TO ACTIVATE A CAPABLE, RESPONSIVE PRODUCTION BASE. THIS IN OUR JUDGEMENT, IS THE MOST EFFECTIVE WAY TO PLAN FOR THE SUPPORT OF PROJECTED WARTIME NEEDS.

SO WE FIND OURSELVES WITH A CURRENT AMMUNITION PRODUCTION BASE THAT IS OUT OF BALANCE WITH PROJECTED NEEDS. SPECIFICALLY, MUCH OF OUR GOVERNMENT OWNED BASE WILL SOON BE NEITHER EQUIPPED NOR CONFIGURED TO MEET FUTURE REQUIREMENTS. LEFT UNCORRECTED THE RESULT WILL BE INCREASED INEFFICIENT PRODUCTION WHICH IS ALREADY DRIVING UP UNIT COSTS. OUR

CHALLENGE IS TO ADJUST THE BASE TO MEET OUR NEEDS AS GENTLY AS TIME AND FUNDS WILL ALLOW. IF WE MOVE TOO FAST WE ENDANGER OUR ABILITY TO DETER AND IF NECESSARY FIGHT A WAR OF TODAY. IF WE GO TOO SLOW, WE WASTE SCARCE RESOURCES BY MAINTAINING A BASE THAT IS TOO LARGE TO EFFICIENTLY SATISFY BOTH PEACETIME AND WARTIME NEEDS.

TODAY I PRESENT AN ARMY AMMUNITION BUDGET WHICH BEGINS THE TRANSITION OF OUR PRODUCTION BASE TO MEET PROJECTED NEEDS. IT IS CHARACTERIZED BY REDUCED FUNDING FOR HARDWARE, DETERMINED BY THE DECLINING REQUIREMENTS OF A SMALLER FORCE AND THE CHANGING CHARACTER OF THE THREAT. CONVERSELY, THERE IS A RECONFIGURATION IN THE FUNDING FOR THE PRODUCTION BASE TO SUPPORT THE TRANSITION TO A MORE VERSATILE, RESPONSIVE CORE OF GOVERNMENT-OWNED AMMUNITION PLANTS AND PROTECT AND LAYAWAY THOSE PORTIONS OF THE PRODUCTION BASE REQUIRED FOR FUTURE MOBILIZATION.

THE FISCAL YEAR 1991 AMENDED BUDGET REQUEST IS \$1,424.4 MILLION. IT CONSISTS OF \$1165.3 MILLION FOR THE PROCUREMENT OF AMMUNITION END ITEMS AND \$259.1 MILLION TO SUPPORT THE AMMUNITION PRODUCTION BASE. COMPARISON OF THE AMENDED FISCAL YEAR 1991 REQUEST WITH PRIOR YEAR APPROPRIATIONS IS AS FOLLOWS:

APPROPRIATED	APPROPRIATED	AMENDED
<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
\$2020.3	\$2011.2	\$1424.4

ALTHOUGH \$586.8 MILLION LOWER THAN OUR FISCAL YEAR 1990 APPROPRIATION, WE FEEL OUR AMENDED FISCAL YEAR 1991 REQUEST IS BOTH EQUITABLE AND BALANCED WITHIN THE CONTEXT OF THE RAPIDLY CHANGING GLOBAL SECURITY ENVIRONMENT AND THE EMERGING

NATURE OF THE THREAT.

AMMUNITION END ITEMS:

AMMUNITION END ITEM ACQUISITION PROVIDES FOR PEACETIME BUYS OF ESSENTIAL MODERN AMMUNITION, MODEST INCREASES TO THE WAR RESERVE STOCKPILE, AND 100 PERCENT SUPPORT OF TRAINING. THE END ITEM REQUEST IS DIVIDED INTO THE FOLLOWING MAJOR ELEMENTS:

(DOLLARS IN MILLIONS)

<u>MAJOR ELEMENT</u>	<u>FY 1991</u>
WAR RESERVE	\$ 688.9
TRAINING	412.1
NON-HARDWARE	64.3
TOTAL	\$1,165.3

59 PERCENT OF THE 1991 AMENDED BUDGET FUNDS THE WAR RESERVE ACCOUNTS WHILE 35 PERCENT SUPPORTS TRAINING. THE NON-HARDWARE REQUEST FUNDS PROCUREMENT OF AMMUNITION COMPONENTS FOR MAINTENANCE, AND INITIAL AND REPLENISHMENT SPARES.

CATEGORIES OF END ITEMS IN OUR REQUEST ARE AS FOLLOWS:

(DOLLARS IN MILLIONS)

<u>CATEGORY</u>	<u>AMENDED FY 1991</u>
SMALL ARMS	\$ 171.1
MORTARS	4.0
TANK	393.9
ARTY/FUZES	252.8
MINES/COUNTERMINES	81.7
ROCKETS	60.1
OTHER	121.1
SPECIAL	80.6
TOTAL	\$1,165.3

NOW I WOULD LIKE TO ADDRESS EACH CATEGORY SEPARATELY.

SMALL ARMS:

THE AMENDED FISCAL YEAR 1991 REQUEST INCLUDES \$171.1 MILLION FOR SMALL ARMS. OF THIS AMOUNT \$52.0 MILLION IS FOR 5.56MM M16A2 RIFLE AMMUNITION TO BUILD WAR RESERVE STOCK AND SUPPORT ANNUAL PEACETIME TRAINING REQUIREMENTS. ANOTHER \$89.6 MILLION IS REQUESTED FOR 25MM AMMUNITION FOR USE IN THE M242 AUTOMATIC GUN MOUNTED ON THE M2/M3 BRADLEY FIGHTING VEHICLE SYSTEM.

MORTARS:

THE BUDGET REQUEST FUNDS THE 60MM SMOKE ROUND, FOR USE IN THE LIGHTWEIGHT COMPANY MORTAR SYSTEM, IN SUPPORT OF THE ARMY'S LIGHT FORCES. OVERALL, THE FISCAL YEAR 1991 PROCUREMENT INCREASES THE WAR RESERVE STOCKPILE.

TANK:

THE REQUEST INCLUDES FUNDING FOR 105MM & 120MM TANK TRAINING AMMUNITION FOR ANNUAL TANK GUNNERY TRAINING ON THE M60, M1 AND M1A1 SERIES TANKS, AND PROVIDES THE FIRST FULL RATE PRODUCTION FOR THE XM900E1 KINETIC ENERGY ROUND, PROVIDING IMPROVED LETHALITY FOR THE 105MM TANK FLEET. THE REMAINDER OF THE REQUEST IS FOR ENHANCED AMMUNITION TO SUPPORT M1A1 TANK FIELDINGS.

ARTILLERY/FUZES:

THE REQUEST IS PRIMARILY FOR MODERNIZATION OF WAR RESERVE STOCKS OF 105MM AND 155MM ARTILLERY AMMUNITION. FUNDING REQUESTED FOR THE M864, 155MM BASEBURNER PROJECTILE ACCOUNTS FOR \$118.6 MILLION OR 47 PERCENT OF THE TOTAL ARTILLERY REQUEST. THIS IMPROVED CONVENTIONAL MUNITION (ICM) PROJECTILE IS A DUAL PURPOSE ANTI-ARMOR/ANTI-PERSONNEL ROUND AND OFFERS AN EXTENDED RANGE OF 60 PERCENT OVER ITS PREDECESSOR.

THE REMAINDER OF THE REQUEST FOR ARTILLERY AMMUNITION FUNDING INCLUDES THE 155MM ARTILLERY DELIVERED MINE PROJECTILE; 105MM HIGH EXPLOSIVE ROCKET ASSISTED PROJECTILE; AND FUZES BALANCED TO PROJECTILE QUANTITIES.

MINES/COUNTERMINES

THE REQUESTED FUNDING OF \$81.7 MILLION SUPPORTS FUNDING TO MEET WAR RESERVE OBJECTIVES. INCLUDED IS THE NEW VOLCANO MINE SYSTEM, A HELICOPTER OR GROUND DISPENSED MINE SYSTEM WHICH CONTAINS ANTI-PERSONNEL AND ANTI-TANK MINES AND IS THE CENTER PIECE OF THE ARMY MINE PROGRAM. ALSO INCLUDED ARE PRACTICE MINES TO SUPPORT TRAINING WITH THE VOLCANO DISPENSING SYSTEM; AND M68A2 INERT LINE CHARGE (MICLIC) TO

STATEMENT BY
MAJOR GENERAL PAUL L. GREENBERG
DEPUTY CHIEF OF STAFF OF AMMUNITION
DEPARTMENT OF THE ARMY
UNITED STATES ARMY MATERIEL COMMAND

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

IT IS A PLEASURE FOR ME TO APPEAR BEFORE THIS SUBCOMMITTEE TODAY TO DISCUSS THE ARMY'S AMMUNITION PROCUREMENT PROGRAM.

IN THE PAST THE AMMUNITION COMMUNITY HAS HAD A RELATIVELY SIMPLE JOB ... PRODUCE QUALITY AMMUNITION AS FAST, SAFELY AND ECONOMICALLY AS POSSIBLE. SUCCESS WAS MEASURED BY OUR ABILITY TO MEET A GROWING NEED DRIVEN BY AN INCREASING THREAT OF WAR. PROJECTION OF LITTLE OR NO WARNING TIME REQUIRED THAT WE BUILD SUBSTANTIAL, EXPENSIVE STOCKPILES OF AMMUNITION AND AT THE SAME TIME MAINTAIN A WARM PRODUCTION BASE THAT WE COULD IMMEDIATELY SURGE TO PROVIDE FOR OUR INITIAL REQUIREMENTS. PROGRESS WAS LIMITED ONLY BY THE FUNDS AVAILABLE TO PRODUCE THE AMMUNITION NECESSARY TO TRAIN AND SUSTAIN COMBAT FORCES. WITH MUCH HARD WORK AND YOUR SUPPORT, WE BROUGHT THE DEMAND FOR OUR PRODUCT AND OUR CAPABILITY TO MEET IT INTO REASONABLE BALANCE.

THE RECENT AND DRAMATIC CHANGES IN EASTERN EUROPE HAVE COMPLICATED OUR JOB SUBSTANTIALLY. FOR THE FIRST TIME IN MANY DECADES WE NOW PROJECT A DECREASING THREAT OF PROTRACTED LARGE SCALE LAND WAR AND AN ATTENDANT INCREASE IN WARNING TIME BEFORE SUBSTANTIAL COMBAT COULD COMMENCE. BY CONTRAST THE MORE LIKELY SCENARIO IS A LOW INTENSITY CONFLICT OF LIMITED SCOPE AND DURATION. AS OPERATIONAL STRATEGISTS

PROVIDE REALISTIC TRAINING IN MINEFIELD BREACHING.

ROCKETS:

THE REQUEST INCLUDES FUNDING TO SUPPORT WAR RESERVE AND TRAINING REQUIREMENTS FOR THE HYDRA 70 FAMILY OF ROCKETS. THE HYDRA 70 PROVIDES BOTH ATTACK AND SELF-DEFENSE CAPABILITIES FOR APACHE AND MODERNIZED COBRA HELICOPTERS AGAINST PERSONNEL AND MATERIEL. THE ILLUMINATION ROCKET SUPPORTS ANNUAL PEACETIME TRAINING AND BUILDS WAR RESERVES. THE REQUEST ALSO INCLUDES FUNDING FOR THE LIGHTWEIGHT MULTI-PURPOSE WEAPON SYSTEM (AT-4), A SHOULDER FIRED TACTICAL MUNITION DESIGNED FOR MULTIPLE ROLES AGAINST MATERIEL AND LIGHTLY ARMORED VEHICLES.

OTHER & SPECIAL:

THESE TWO CATEGORIES CONSIST OF THE REMAINING ITEMS IN THE BUDGET REQUEST. THESE INCLUDE NITROGUANIDINE, A COMPOUND USED TO MANUFACTURE PROPELLANT FOR ARTILLERY AND TANK AMMUNITION. THE REQUEST ALSO INCLUDES FUNDS FOR UNIQUE EQUIPMENT TO SUPPORT AMMUNITION PRODUCTION/DEPOT OPERATIONS, SPARES AND REPAIR PARTS, AND CONTINUAL SUPPORT FOR NUCLEAR AND BINARY CHEMICAL ARTILLERY ROUNDS.

AMMUNITION PRODUCTION BASE:

THE FUTURE AMMUNITION BASE WILL BE SMALLER BUT MORE FLEXIBLE AND ABLE TO PRODUCE A GREATER VARIETY OF THE LETHAL PORTIONS OF THE AMMUNITION PROGRAM. FEWER GOVERNMENT-OWNED PLANTS WILL REMAIN ACTIVE. MISSISSIPPI ARMY AMMUNITION PLANT, MANUFACTURER OF 155MM M483A1 PROJECTILES, WILL CEASE PRODUCTION IN THE APRIL THROUGH JUNE TIMEFRAME AND WILL BE LAID AWAY FOR FUTURE SURGE AND MOBILIZATION NEEDS. A NUMBER OF ADDITIONAL CANDIDATE AMMUNITION PLANTS HAVE BEEN ANNOUNCED

FOR CLOSURE DURING THE NEXT FOUR YEARS. THESE ACTIONS ARE ESSENTIAL IF WE ARE TO PRODUCE FUTURE REQUIREMENTS IN THE MOST EFFICIENT, COST EFFECTIVE WAY. TOUGH MANAGEMENT DECISIONS ARE REQUIRED WHICH WILL NECESSITATE THE COOPERATION, UNDERSTANDING AND SUPPORT OF ALL CONCERNED.

LET US NOW SUMMARIZE THE AMMUNITION PRODUCTION BASE REQUEST:

(DOLLARS IN MILLIONS)

	<u>FY 1991</u>
PROVISION OF INDUSTRIAL FACILITIES	\$ 134.7
LAYAWAY OF INDUSTRIAL FACILITIES	40.5
COMPONENTS FOR PROVEOUT	12.1
PROVING GROUND MODERNIZATION	4.0
MAINTENANCE OF INACTIVE BASE	67.8
TOTAL	\$ 259.1

THE PROVISION OF INDUSTRIAL FACILITIES REQUEST OF \$134.7 MILLION PROVIDES FOR THE REHABILITATION, REPLACEMENT, MODERNIZATION, AND CORRECTION OF SAFETY AND ENVIRONMENTAL DEFICIENCIES AT VARIOUS ARMY AMMUNITION PLANTS. ALSO INCLUDED IN THE FISCAL YEAR 1991 REQUEST ARE FUNDS FOR THE NECESSARY PRODUCTION SUPPORT AND EQUIPMENT REPLACEMENT FOR PLANTS IN ACTIVE PRODUCTION.

THE \$40.5 MILLION REQUEST FOR LAYAWAY OF INDUSTRIAL FACILITIES IS FOR THE PROTECTION AND PRESERVATION OF EQUIPMENT AND FACILITIES NO LONGER REQUIRED FOR ACTIVE PRODUCTION, WHICH MUST BE RETAINED FOR FUTURE PEACETIME OR MOBILIZATION PRODUCTION NEEDS. INCLUDED ARE FUNDS TO COMPLETE THE LAYAWAY OF MISSISSIPPI ARMY AMMUNITION PLANT AND LINES AT VARIOUS AMMUNITION FACILITIES WHERE PRODUCTION IS PROJECTED TO END.

THE COMPONENTS FOR LINE PROVEOUT PROVIDE FOR PROVEOUT AND ACCEPTANCE OF PRIOR YEAR MODERNIZATION, EXPANSION AND INITIAL PRODUCTION FACILITIES. THE FUNDS ARE USED TO ASSURE THAT THE FACILITY IS CAPABLE OF PRODUCING AN ACCEPTABLE PRODUCT, MANUFACTURERS WARRANTIES ARE MET, AND THE FACILITY IS CAPABLE OF PRODUCING AT THE DESIGNED RATE.

IN FISCAL YEAR 1991 \$4.0 MILLION IS REQUESTED FOR PROVING GROUND MODERNIZATION. THIS PROGRAM WILL MODERNIZE AND UPGRADE EXISTING TEST INSTRUMENTATION TO CONDUCT PRODUCTION ACCEPTANCE TESTING OF ARMY AMMUNITION COMPONENTS AT YUMA PROVING GROUND. SOME FUNDING WILL STILL BE REQUIRED AT JEFFERSON PROVING GROUND DURING THE TRANSITION PERIOD.

THE FINAL ELEMENT IN THE PROGRAM IS \$67.8 MILLION FOR THE MAINTENANCE OF THE INACTIVE AMMUNITION INDUSTRIAL BASE. THIS IS A NEW LINE THAT WAS FINANCED IN PRIOR YEARS THROUGH THE OPERATION AND MAINTENANCE, ARMY APPROPRIATION. THE FUNDS PROVIDE FOR THE MAINTENANCE OF LAID AWAY PORTIONS OF ACTIVE PLANTS, AND SUPPORT MAINTENANCE, PROTECTION, AND ESSENTIAL REPAIR OF GOVERNMENT-OWNED PLANT EQUIPMENT PACKAGES. THESE PLANT EQUIPMENT PACKAGES ARE MAINTAINED IN ANTICIPATION OF FUTURE PRODUCTION AND MOBILIZATION REQUIREMENTS FOR AMMUNITION.

TO SUM UP, WE ARE MAKING A DILIGENT EFFORT TO MANAGE OUR AMMUNITION PROGRAMS IN A BALANCED AND AFFORDABLE WAY IN ORDER TO PROVIDE OUR SOLDIERS WITH THE QUALITY AMMUNITION THEY NEED TO PREVAIL IN CASE OF WAR. WE REALIZE THAT THE GLOBAL THREAT IS CHANGING RAPIDLY, THAT FISCAL RESOURCES ARE DECLINING AND THAT THE AMMUNITION BASE IS FACING A RESTRUCTURING CHALLENGE. WE MUST ALSO BE MINDFUL THAT WE REPRESENT A BIG BUSINESS THAT EMPLOYS THOUSANDS OF OUR CITIZENS ACROSS THE COUNTRY.

THEREFORE WE MUST ENSURE THAT THE DECISIONS WE MAKE ARE THE CORRECT ONES AND THAT THEY CAREFULLY CONSIDER THE FAR REACHING IMPACT THEY WILL HAVE NOW AND IN THE YEARS AHEAD. FINALLY WE MUST ENSURE THAT OUR ACTIONS STRENGTHEN AN INDUSTRIAL BASE CAPABLE OF MOBILIZING QUICKLY IF THE CHALLENGE IS PRESENTED. ACCORDINGLY, WE NEED THE CONTINUING STRONG SUPPORT OF CONGRESS MORE THAN EVER TO ENSURE THAT WE MAINTAIN AN AMMUNITION STRUCTURE NEEDED BY THE VERSATILE, DEPLOYABLE, LETHAL ARMY OF THE FUTURE.

THANK YOU.

Senator DIXON. Thank you, General Greenberg.

May I say to each of you, your full statement will be reproduced in the record in full.

May I recognize the distinguished Senator from Washington, the ranking member, Senator Slade Gorton, for his opening statement.

Senator GORTON. Thank you, Mr. Chairman.

Obviously, General Greenberg, you and your colleagues have been faced with a challenge that differs not only in degree but in kind from those which you faced in the last several years.

I am quite interested in the way in which you have attempted to react to a different threat scenario with the justifications which you made to this point. But as you know, the committee in some respects is still waiting for long range qualifications about that threat. The long range statements from the department as to the overall direction of our defense policy and our defense budget.

So I think you have done particularly well, even though you have had to use thick arrows and thin arrows to describe those changes in attempting to deal with what will be a real challenge here this year.

If I have one most important caution, however, or request, it would be that you continue to supply us with periodic updates—frequent periodic updates—not only through our own markup and floor debate on the authorization bill this year but right through conference itself.

The world is changing so rapidly that what we say this week is often out of date next week. I know that this puts a tremendous challenge on your back, but I am convinced that you can do it. It sounds good. But what we are really getting as we shrink our production base and as we change our course of action and our programs, as we deal with the very real reductions that we are going to face in the next couple of years is a very, very serious challenge to do things right or, at least, to make the smallest possible mistakes as we go into a new and different world.

Senator DIXON. I thank my friend, the ranking member. May I say to my colleagues, the distinguished Senator from South Caroli-

na and the distinguished Senator from Indiana, General Greenberg has testified. My understanding is General Granrud is here in a supporting fashion and is not going to testify in the opening statement.

We have 10 minutes for General Bracken, and then we will go to questions, gentlemen, unless you have any opening statement.

Senator THURMOND. Mr. Chairman, I ask unanimous consent that my statement follow the able ranking member's statement. Senator Dixon: I thank the distinguished Senator from South Carolina. His statement will be reproduced in the record.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT OF SENATOR STROM THURMOND

I thank you, Mr. Chairman:

I join you in your warm welcome for Major General Greenberg and Major General Bracken. As I recall, both officers appeared before this subcommittee last year and so eloquently presented their needs that the Congress increased the appropriations for ammunition. I wish them the same success this year.

Mr. Chairman, I want to note for the record that both General Greenberg and General Bracken emphasized the need to provide 100 percent of the training ammunition request to meet the training needs of our forces.

We are aware that the Congress may limit the procurement of weapons systems in order to limit defense spending. However, it would be a major mistake if it reduced the ability of our forces to conduct realistic training by also including training ammunition in the drive to cut the defense budget.

General Vuono, the Army's Chief of Staff, in his paper "A Strategic Force", states: "... tough, meaningful and fulfilling training is a key element in encouraging the very best soldiers to stay in our ranks. Demanding training, accomplished to standard today, is one of the best investments we can make in the Army of tomorrow." This tough, meaningful and fulfilling training of which the General speaks requires ammunition.

Although the services may be able to reduce sustainability and reduce the ammunition war reserve stocks as a result of the diminished conventional threat in Europe, they cannot reduce readiness. Since training is the cornerstone of readiness, I applaud General Greenberg and General Bracken for their strong statements in support of training ammunition requirements.

Thank you, Mr. Chairman.

Senator DIXON. The gentleman from Indiana.

Senator COATS. Mr. Chairman, I have no statement, but I do have some questions to ask.

Senator DIXON. Fine, in 10 minutes we will be to it, Senator. General Bracken.

STATEMENT OF EDWARD R. BRACKEN, MAJOR GENERAL, U.S. AIR FORCE, DIRECTOR, LOGISTICS PLANS AND PROGRAMS

General BRACKEN. Thank you, Senator Dixon.

It is a privilege again for me to be here for the third time to testify before you on the United States Air Force's munitions and associated equipment budget request, this time focusing on the 1991 submission.

Our request we believe is responsive to the operational commanders, and it also addresses the affordability concerns that we all must be prepared to face as we build down the future Air Force to the best of our ability.

Our estimate in the 1991 budget that we have put together will support those future projections as we see them right now.

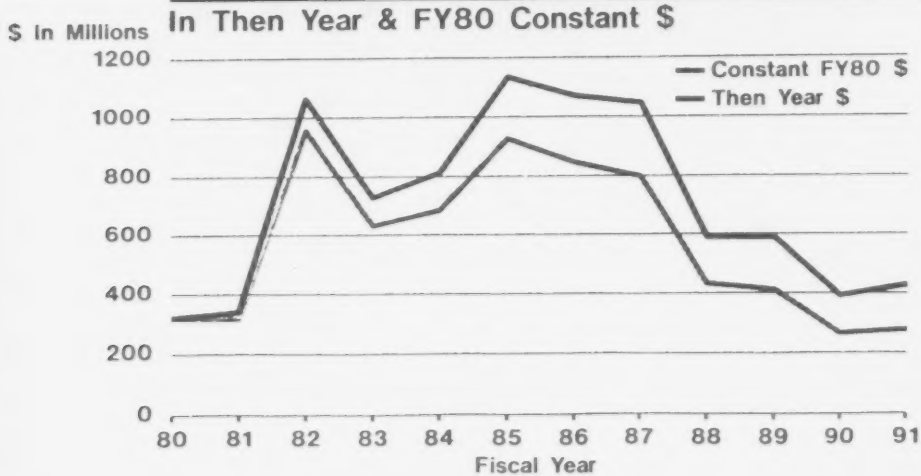
OTHER PROCUREMENT AIR FORCE (3080 APPROPRIATIONS)

MUNITIONS AND ASSOCIATED EQUIPMENT

FISCAL YEAR 1991 Amended President's Budget

This chart presents a short overview in terms of gross dollars that we are spending in the munitions account.

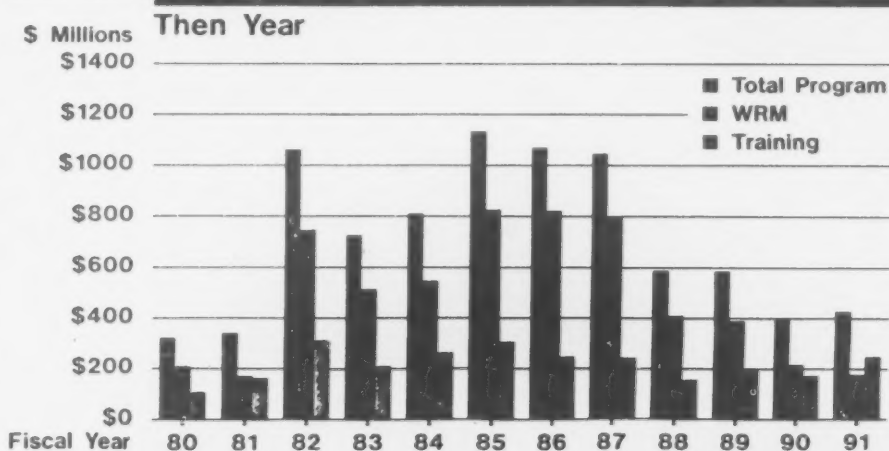
Munitions & Assoc Equip



We have two lines on this chart: one in constant 1980 dollars, which is the lighter shaded color and one in then-year dollars—and you can see, as you look at the 1991 submission, it tracks back in constant dollars to about the level we were spending in 1980 on munitions.

So we have been responsible in terms of what we have built into our budget.

Munitions & Associated Equipment



On this next chart, I think there is just one point I would like to make. You will notice from the submission that for the first time since the early 1980s the mix between war reserve and training ammunitions is skewed in favor of training munitions.

We have done that for readiness purposes, that is our Chief and our Secretary's foremost consideration. As we build down the Air Force, however, those forces remaining will be as ready as they can to perform the missions that they have been tasked to execute.

Although we will see some decrease in force structure, the F-15 and F-16 programs continue at a consistent rate. Those weapon systems drive training munitions requirements in a different proportion to what has occurred historically.

We also envision in the future as well as today a robust Reserve component. And we must train those forces so they remain healthy. The request also recognizes the previous funding shortfall that we have had in training munitions.

Readiness

- Readiness favored over sustainability, i.e., training munitions versus war reserve
- Largest training munitions request since FY85
- First time in over a decade that training munitions are funded higher than WRM
- Training munitions funding level constitutes 58% of the FY91 request
- Procurement of training munitions contributes to industrial preparedness
- Substantial portion of projected training requirements is met based on MAJCOM priorities

We have, as I said, favored readiness over sustainability—that is, training munitions versus war reserve. It is our largest training munitions request since fiscal year 1985. It is the first time in over a decade that training munitions are funded higher than WRM. Training munition comprise about 58 percent of our 1991 requirement.

The procurement of training munitions contributes to industrial preparedness as well. For instance, our production of the MK-84 empty bomb helps us maintain a warm production base. If we ever had to buy the live MK-84 bomb for WRM, we could transition rather quickly. A similar situation exists for the MK-82 bomb.

A substantial portion of our projected training requirements is based on MAJCOM priorities. We pay attention to what the war fighting CINCs require when they let us know what they need.

Unfortunately we are still not able to finance all their requirements. But we exercised our best judgment on where we should apply those priority dollars in a way that would maximize our potential.

Munitions & Associated Equipment Program Summary by Category

(\$ M)

Category	FY89	FY90	FY91
Rkts/Launch	25.1	27.4	26.5
Cartridges	121.3	92.4	122.4
Bombs	357.2	196.8	187.3
Targets	0	0	0
Other Items	49.3	32.1	48.0
Fuzes	32.1	26.4	33.4
Other Weapons	2.0	17.7	10.4
Total	587.0	392.8	428.0

This is a quick snapshot of the request. It compares the last 3 fiscal years, 1989, 1990 and 1991. I would point out in the cartridge area that there is some increase from 1990 driven by 20 millimeter training ammunition for the F-15s and F-16 aircraft as I mentioned before.

There is also an increase for cartridges that eject bombs off aircraft pylons. We did not buy any of these cartridges in 1990 because we had some problems getting into production with the new variant.

In the bombs area, funding remains pretty static. But there are some things happening inside that category. For instance, 1991 is the first year of production for BIGEYE bomb, about \$58 million.

The other offset in the bomb area is, of course, that we are not planning for procurement of REM in 1991. We looked at that termination from three perspectives: affordability, future force structure, and the requirements for war reserve, as well as, the plant explosion that occurred in Kansas.

Senator DIXON. Could I interrupt you, General Bracken? How much of that is for BIGEYE?

General BRACKEN. About \$58 million.

Senator DIXON. Of the \$187 million.

General BRACKEN. Yes, sir.

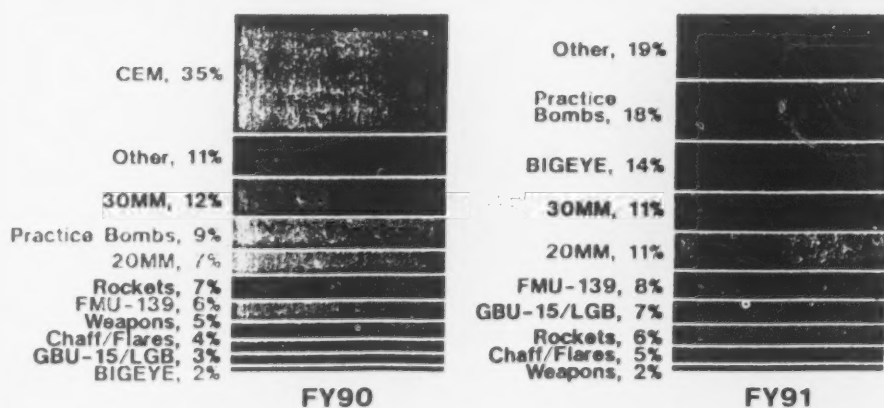
In the other items category, we have about a \$15 million increase. Basically, that is driven by countermeasure flare procurement for the F-15 airplane. We have had some problems in PMRT, and the transition to the single manager. There were some contracting delays as well. But we are ready to go back into procurement on that item.

And finally, in the other weapons category there is a decline in one area, but we are buying some new weapons as well. We are buying squad automatic weapons and mortars for the security police ground defense forces, as well as a new variant of the M-16 which will be able to fire over the 5.56 NATO round.

Munitions & Associated Equipment

FY90/91 Request

Dollars in Millions



I will not go into detail on this chart with you, sir. It just shows the stratification of our 1990 procurements vis-a-vis our plans for 1991. And I think you can see the big change from 1990 to 1991 is CEM.

Munitions Management Issues

- **Strengthen joint service procurement interface**
 - **Conduct additional general/flag officer meetings**
 - **Expand interservice procurement planning dialogue**
- **Improve contractor & government performance**
 - **Perform more rigorous program reviews**
 - **Ensure timeliness of funds and technical data**
 - **Reduce procurement lead times**
 - **Utilize multiple year contracting**
- **Revise policy as appropriate**

Turning to munitions management, we have really worked this area hard with the Army. We have strengthened our joint service procurement interface. General Greenberg and I meet periodically as well as the munition managers in the field at the general officer level to ensure that our buying practices are sound. We do that both at the buying and the management levels in the field. We are doing a lot of interservice procurement planning that addresses the production base.

We have also improved our contractor and Government performance. We perform more rigorous program reviews with the vendors. We ensure timely release funds to the single manager, General Greenberg and his people, and we make sure we have the right technical data, so they can get on with the procurement.

We are attempting to significantly reduce procurement lead times. And we are posturing ourselves for multiple year contracts. As necessary, we are revising our interdepartmental policies, so that when we MIPR, or transfer money to the Army, we do not have any delays in that process.

Summary

■ Readiness

- Area of major growth but procurements are prioritized
- Emphasis on maintaining capable force

■ War Reserve

- Area of reduced or deferred investment
- Growth limited to selected munitions
- Decreasing requirements based on smaller force
- Systems in development phase are not mature enough for production at this time

■ Future issues

- Fiscal levels will continue to decline requiring improved management techniques to satisfy user needs
- Advanced munitions must provide force multiplier capability or reduce attrition
- Readiness will continue as a significant portion of program

In summary, as I mentioned earlier, our focus is on readiness and will be for the next several years as we build down the Air Force.

Readiness is an area of major growth, but our procurements are prioritized within this subset of the munitions account. Our emphasis is on maintaining capable forces in the area of war reserve despite reduced or deferred investment.

We think we have sufficient sustainability levels given that force structure, the threat that it is going to have to face in the future and the ops tempo that will fight in a potential conflict arena.

We have decreased the war reserve requirements based on the smaller force. Further, some of our systems in development are not mature enough to enter into production. As I testified last year, we thought we were going to be able to go into production on Sensor Fuzed Weapon. We will not be able to do that in 1991. The program had some problems that are fixed, and the test program is working well. We are planning to procure this munition in 1992.

As I mentioned last year we were kind of at the bottom of a sine wave and intending to ramp up in 1991. For some programs such as Sensor Fuzed Weapon, we were not able to do that. I think that was a sound decision—not to put that program at risk. We will pick that program up in 1992 and I believe you will see the war reserves funding levels going up in 1992 as a result.

On future issues, overall fiscal levels will continue to decline requiring improved management techniques to satisfy user needs. Advanced munitions must provide a force multiplier capability, or reduced attrition. And the munitions has to be capable of surviving in the environment that we are going to face.

Even though the Soviets may not be our principal adversary in the future, they have exported a lot of munitions and weapon systems to third world countries. We need to be sensitive to that as we posture the capabilities of our forces in the future. Nonetheless, readiness will continue as a significant portion of our program.

Senator Dixon, it has been a privilege again for me to tell you about our program. And I will be pleased to answer your questions. [The prepared statement of General Bracken follows:]

STATEMENT OF: MAJOR GENERAL EDWARD R. BRACKEN
DIRECTOR, LOGISTICS PLANS AND PROGRAMS
DEPUTY CHIEF OF STAFF/LOGISTICS & ENGINEERING
HEADQUARTERS, UNITED STATES AIR FORCE

Mr Chairman and Members of the Committee

I welcome this opportunity to appear today to discuss the Air Force's Munitions and Associated Equipment Budget Program that is included in the FY 1991 Amended President's Budget within the Other Procurement, Air Force Appropriation.

This is my third appearance before the subcommittee and I believe the request I present today is again responsive to our field commanders and affordability concerns. In the past, my remarks have focused largely on the contribution the budget request made to sustainability and the adequacy of our war reserve stocks. Our FY 1991 request rather dramatically shifts the focus from sustainability to readiness by committing over 58 percent of our program to readiness compared to 44 percent in FY 1990 and only 33 percent in FY 1989. Readiness meaning the procurement of items for training purposes in order to maintain or upgrade both aircrew and ground combat personnel proficiency. Therefore, major investment in war reserve materiel has been reduced while we reexamine requirements as a result of force structure drawdowns and the threat we foresee in the coming years. It is quite obvious at this moment that we live in a period of momentous political change. Anyone who reads the newspaper or watches the evening news can appreciate the depth of this change and recognize that the environment we live in has been transformed in a manner that was unthinkable only a year ago when I appeared before this subcommittee to discuss the FY 1990/1991 Biennial Budget request.

The focus of the media has been on the change within the Soviet Union and the other Warsaw Pact nations. Headlines from only a few days ago indicate that the Soviet military is suffering from high rates of desertion, poor discipline, and low

morale, or that the East German army is no longer as operationally capable as it was believed to be. I will not dispute these claims as tenuous as they may be at this juncture. I agree that the Soviet military may be less likely to become involved in wars of attrition that exacerbate economic problems at home. It is very possible that the Soviet Union will continue to provide arms to client states in order to obtain hard cash which will be used to invigorate a lackluster economy. Yet, despite these almost miraculous changes, there is still uncertainty; there are still significant geopolitical problems.

The focus may be different than in the past, but the probability of armed conflict I believe is still real. In the military, we must focus on our opponent's capability, not intentions. The environment in which our national security objectives are framed still retain some of its former characteristics as the threat of regional conflicts has not diminished. Economic collapse because of severe debt or poverty, terrorism, low intensity conflict, drug interdiction and the proliferation of nuclear and chemical weapons in the third world are but a few of the issues that deserve our attention and require our vigilance regardless of whether or not there is consensus on national security objectives.

The measure of this vigilance is our readiness, that is, our capability to deploy forces worldwide and to fight successfully during the early days of the conflict when the intensity of combat is at its most demanding level. It is obvious to all that are familiar with the U.S. military that the force structure we will have in the 1990s will be smaller. However, the need to have a capable force should not be confused with diminished size. This force will have to be more flexible, be just as able to respond to global contingencies as it has in the past.

Out of this change appear to be some emerging trends, and I will address these in the context of the munitions request. We

should continue to produce munitions at efficient rates and attain economies in business operations. As I have mentioned in the past, the Services meet regularly to discuss such issues as procurement strategy, pricing, and production issues. With a smaller portion of the Air Force budget allocated to munitions, we are concentrating on improving the process. A few examples are worth noting.

We continue to work actively with the Army Single Manager for Conventional Ammunition (SMCA). This positive relationship is critical since approximately 73 percent of our FY 1991 budget request will be procured through the SMCA. An example of how we are fostering this relationship is the emphasis both the Air Force and the Army are placing on contractor and government performance in order to reduce procurement lead times and ensure timely delivery of assets to the field. The two organizations have established an aggressive management review process to ensure that undelivered orders do not detract from readiness and sustainability. It is important not to tie up scarce financial resources in lengthy production periods rather than providing munitions to the user to meet training or wartime requirements. To underscore the value of this process in which all the Services participate, the overall delivery time of customer orders has been reduced from an average of 32 months to an average of 29 months. The procedures instituted provide greater program visibility and the foundation for a stronger, more responsive munitions program.

Another area of mutual interest is the use of outyear options, where appropriate, to maintain continuity of operations and production. Our experience with the FY 1988 and FY 1989 BDU-33 contracts prompts us to promote this approach. In this particular case, we had serious problems ensuring that adequate numbers of one of our most essential practice bombs were available to the users. Because the SMCA was using an annual

contract, production delays associated with a new vendor having to pass first article acceptance test and ramp-up production were always a concern. When more than a million BDU-33s are being dropped worldwide annually, delays can be critical forcing inefficient use of transportation funds to keep pipelines flowing and requiring small emergency stop gap procurements. Often the solution to this dilemma is multiple year contracting.

The munitions request is composed of two major elements: war reserve and training munitions. As I mentioned earlier, funding for training munitions is on the increase, in fact, \$75.4 million greater than FY 1990 for a total of \$248.6 million. This is the highest level of funding since FY 1985 and the first year in more than a decade when training munitions funding is greater than war reserve funding. War reserve funding on the other hand, decreases \$45.7 million from FY 1990 and continues to be a shrinking percent of the budget. This is less precipitous than last year where the decline was \$174 million. The war reserve funding will make a contribution to our wartime capability. However, it should be noted that roughly two-thirds of the total war reserve request is contained in three line items. These are: BIGEYE, \$57.8 million; GBU-15, \$28.4 million and the FMU-139 fuze, \$33.4 million. I will discuss these programs in more detail later.

Since FY 1991 represents a major departure from the funding allocation of prior years it is important to address this change in philosophy and the related reasons.

The first reason stems from the uncertainty of the threat and, in turn, the requirement. Because of our projected smaller force structure and a changing world political situation, we are reexamining our requirements. Early evaluations based on preliminary hypotheses indicate that requirements will decrease over time. Therefore, we must now make prudent decisions about

where to expend our limited munitions funds so we gain the greatest kill capability at the least cost.

A second reason for diminished war reserve funding is affordability. While still facing deficit reduction goals and smaller budgets, we must procure affordable systems that give us leverage on the battlefield, that is, serve as force multipliers and provide the least attrition.

Another reason that continues to play a major role, as it has in the past, is how rapidly programs transition from development to production. We have experienced delays, as you are aware, with weapons such as Sensor Fuzed Weapon (SFW) and Direct Airfield Attack Combined Munitions (DAACM). As a result, the munitions budget remains relatively stable in terms of funding until these items are approved for production and can ramp-up to sizeable production rates. We do continue, however, to plan for an effective mix of direct attack weapons as well as standoff munitions.

The fourth and final reason for the decrease in war reserve funding is one of priorities among munitions and overall Air Force programs. I'll address munitions priorities first. If we take a smaller force structure as a given, then that smaller force should be equipped with the best munitions we can acquire for the funds available - - weapons that, as I indicated earlier, provide the best cost to kill ratio. In most cases, these are weapons that are needed in the earliest days of the conflict to attain tactical advantage in the area of air superiority and suppression of enemy air defense systems. Therefore, the procurement emphasis should be on weapons that enable us to shoot down aircraft or disrupt enemy air defense command and control capabilities. This in turn, compels us to place procurement emphasis on air-to-air missiles and other guided air-to-surface weapons with substantial standoff range. The Air Force is focusing on weapons that have these characteristics. Most of

these weapons are in the Missile Procurement, Air Force appropriation, but there are examples in this budget request as well, such as the two GBU-15 projects: Improved Data Link and the GBU-15/2000 pound Hard Target Bomb Integration Kit. Many of the advanced munitions, such as SFW, that would be procured in this budget program are not yet ready for production. Nonetheless, the budget request does reflect the Conventional Standoff Weapons Master Plan and the CINCs' weapons mixes for projecting striking power that enables us to attain our warfighting objectives.

In regard to overall Air Force priorities, the constraints of affordability have favored readiness and modernization over sustainability and force structure. In this regard, funding for war reserve munitions has become less of a priority than munitions needed to maintain a ready force. As we have shown the Committee in prior years, we have sufficient total munitions to meet our sortie generation requirements, but we are not in a similar posture in regard to the more modern, preferred munitions which provide significant effectiveness against high value targets. Nonetheless, we have to make trade-offs and assume prudent risks in view of reduced funding. The FY 1991 request reflects our willingness to assume short-term risk until the more modern air-to-surface munitions are ready for production.

The other major portion of our request is for training munitions. These munitions support peacetime training of aircrews and a diverse group of ground personnel assigned to such missions as security, air base ground defense, explosive ordnance disposal and special operations. The items in this segment are used to provide initial training as well as to upgrade or to maintain the proficiency of personnel assigned to these varied duties.

Training munitions are a key element of readiness. Personnel must be ready to engage enemy forces and effectively.

employ weapons from the very beginning of hostilities. Those first few days are ones of intense fighting. We must be capable of meeting that challenge by having personnel that are not merely familiar with employing a munition, but who can effectively employ it and complete their mission successfully.

Training munitions are also an important part of industrial preparedness. Some items such as 20MM and 30MM aircraft cannon ammunition and practice bombs, MK-84 empty and BDU-50s, are the means by which we retain a warm production base. In some cases, we are able to maintain production base readiness at a lesser or equivalent cost than would be the case for live munitions.

Our request enables us to meet a substantial portion of our projected aircrew and ground combat personnel training programs. This funding strategy emphasizes what some of us call our "bread and butter" training munitions such as practice bombs, aircraft cannon and small arms ammunition. We have made a concerted effort over the past two years to ensure that our training munitions forecasting methodology is realistic in terms of both historical expenditure rates and operational factors that underscore the user's needs and have a direct correlation to maintaining high levels of combat capability.

I would now like to discuss some of the particulars of our FY 1991 request within the Munitions and Associated Equipment budget program. The types of munitions procured by this budget program are diverse. They include such items as rockets, cartridges for aircraft and ground combat weapons for individuals and crews, practice and lethal bombs, infrared countermeasure flares, and weapons. Our request contains funding for 31 specific program lines as well as for more than 50 other items for which the request is less than \$2 million for each item. The cost for these items varies tremendously as well, ranging from a few cents a round for items such as small arms ammunition to thousands of dollars for more complex items such as bombs. Most

of these items are managed by the Air Force Logistics Command and are procured by the Army Single Manager for Conventional Ammunition as part of their responsibilities under the single manager charter. The items procured through the Army are priced through the Conventional Ammunition Working Capital Fund (CAWCF). Air Force is responsible for supporting the Army in its duties as the single manager. For example, it is the Air Force's responsibility to identify to the Army the types of munitions we want procured so that contracting, production and workloading actions can transpire to support our needs.

All the items in the request are contained in one of seven categories which are illustrated on the following table. As is readily apparent, the categories with the largest growth are Cartridges, Other Items and Fuzes.

MUNITIONS & ASSOCIATED EQUIPMENT

(\$ IN MILLIONS)

	FY 1989	FY 1990	FY 1991
ROCKETS & LAUNCHERS	25.1	27.4	26.5
CARTRIDGES	121.3	92.4	122.4
BOMBS	357.2	196.8	187.3
TARGETS	0	0	0
OTHER ITEMS	49.3	32.1	48.0
FUZES	32.1	26.4	33.4
OTHER WEAPONS	2.0	17.7	10.4
TOTAL	587.0	392.8	428.0

I will now address each of these categories in greater detail.

Rockets & Launchers

The funding for this category is primarily for 2.75 inch rockets, specifically \$20.3 million for motors and white phosphorous warheads. Although the category includes launchers, none are being procured. The other \$6.2 million is required to procure a number of items each with a procurement value of less

than \$2 million.

Cartridges

Although several different types of cartridges are requested, the more prominent ones are for small arms, aircraft cannon, and stores ejection. Our request is \$30 million greater than the FY 1990 program and represents the largest growth of all the categories in this year's request.

The primary small arms ammunition being procured is 5.56MM ammunition for M-16 rifles and the Squad Automatic Weapon (SAW). M-16 ammunition requirements are increasing for two reasons. First, the .22 caliber rounds used with a special adapter are no longer cost-effective due to reliability and maintainability problems. The second and more significant reason is the Chief of Staff has instituted a new arming policy for both the active and reserve component forces. This new policy stipulates that personnel who may be required in the time of war to serve in an air base defense role, must qualify or familiarize annually with the M-16 rifle. Increased procurement of war reserve assets for the SAW is requested as well as blank 5.56MM ammunition that will afford our personnel more realistic training.

The 20MM and 30MM aircraft cannon ammunition continue to be the most significant procurements requiring \$45.4 million and \$46.6 million respectively. Included is \$6.9 million for 20MM combat that can be used for training and war reserve purposes. As an example, we are procuring 20MM M14 linked ammunition for the Special Operations Forces' (SOF) AC-119 gunships. The SOF uses this round for both training and war reserve.

The most substantial growth within this category is the 20MM training ammunition which is used by all fighter aircraft except the A-10. Increased emphasis has been afforded this round as our force structure contains larger numbers of F-15s and F-16s and our operational units' stated requirements exceed inventory levels.

Regarding 30MM training ammunition, our requested quantity continues to decline as we place a higher priority on 20MM ammunition due to planned phase out of A-10s. Unit costs exclusive of the CAWCF surcharges will remain relatively stable as FY 1989 contract options are exercised.

The last major cartridge procurement is store ejection cartridges, also known as the 3000 foot-pounds cartridge, which ensures the safe separation of items, such as pylons and bomb racks, from the aircraft. Excessive administrative lead time negated procurement of this item in FY 1990; however, the problem has been resolved. Our intent is to procure the CCU-107 cartridge, which is an improvement over the older ARD 863-1. Since these 3000 foot-pound cartridges are interchangeable, either will meet user requirements.

Bombs

Despite the continued decline in funding for this category, it is still the largest dollar value category. However, the emphasis has changed in this year's request from lethal bombs to practice bombs. The largest procurements are the BIGEYE and GBU-15. We do not plan to procure the Combined Effects Munition (CEM) this year for reasons I will discuss later.

Training program increases are the BDU-50 and the MK-84 empty programs. We have experienced training shortfalls in both of these heavyweight training bombs, though the problem has been more acute with the BDU-50. Last year, the Congress was generous enough to appropriate \$8.5 million to assist us with our BDU-50 needs. Regarding the MK-84 empty, we did not request this item last year because of the large number of remaining MK-84 high explosive and empty bombs that were on contract from prior years. These deliveries are coming to an end and this practice bomb is a key element in retaining a warm production base for the MK-84 bomb.

Another major procurement area is the two GBU-15-related projects: the Improved Data Link and the Integration Kit to mate a GBU-15 to the Improved 2000 (I-2000) pound hard target bomb. The Improved Data Link is scheduled to enter production in FY 1991. This is a very important program as it allows the GBU-15 to operate effectively in a dense countermeasure environment by making it less susceptible to jamming. FY 1991 will mark the second year of funding for the I-2000 integration kit. This kit expands our capability against hardened targets and provides us with an additional standoff capability.

We plan to commence production of the BIGEYE chemical weapon in FY 1991 if it successfully completes the additional testing mandated by the Congress. In the interim, we are complying with Congressional direction to maintain program continuity. We expect the required testing and validation to be completed by the end of 1990. The United States needs a safe, effective binary chemical weapon for our forces until, as the President has stated, we can ban all chemical weapons in a verifiable manner.

Another major procurement being requested in FY 1991 is the BSU-49 Inflatable Retarder fin which is used with the MK-82 bomb. Our reason for increasing the buy quantity substantially is to ensure that adequate fins are available for training purposes and to replenish war reserve stocks which have been partially depleted degree by training usage.

The program that is noticeably absent from the FY 1991 request is the CEM which has been in production since FY 1983. As you are probably aware, the program will be terminated effective with the FY 1990 procurement. There are a number of factors that contributed to the decision to terminate the program. The plant explosion in July 1989 definitely had an impact on the FY 1991 procurement. There was concern within the Department of Defense that the production backlog resulting from the explosion and the time necessary to reactivate the line would

jeopardize FY 1991 funding. Therefore, FY 1991 funds are not requested.

As a result of the FY 1991 decision, we began to reexamine the program. The changes in force structure and the changing world political situation led us to the belief that there would be sufficient assets on hand when FY 1990 and prior deliveries were completed. This coupled with affordability constraints and changes in overall priorities deemed CEM termination a prudent risk.

Other Items

This category contains funding growth of \$15.9 million. The primary driver for this increase is the MJU-10B infrared countermeasure flare used to protect F-15 aircraft from heat seeking missiles. Funds were not requested last year due to production problems which we are confident have now been overcome.

Another item is the Items Less Than \$2 Million line where we procure a wide range of items including ALA-17 flares for the B-52 for which a portion of the inventory's shelf life is expiring, to night vision sights that improve our nighttime air base ground defense capability. Also, \$7.7 million is included for a classified special project.

Fuzes

This category requests funds for fuzes that are not procured as part of an all-up round. The only fuze we are currently procuring is the general purpose FMU-139. We have increased our procurement quantities for this item in order to enhance the effectiveness of our general purpose bomb stockpiles. The FMU-139 replaces a number of aging Vietnam era fuzes whose reliability is degrading.

Other Weapons

The other weapons category procures such items as handguns, machine guns, and other small arms. This year's request contains

two weapons. The first is the British made M252 81MM mortar which the other Services adopted in 1984. This weapon will be used by security police personnel in their air base ground defense duties since they are responsible for providing continuous high explosive and illumination, direct and indirect fire as part of this mission. Mortars are the most effective weapon for this purpose.

The second weapon is the M16A2 rifle which will replace the older M16A1 rifles that were procured in the early 1960s. The M16A2 rifle will be used by personnel who are assigned ground combat mission responsibilities, such as, security police, combat controllers, and special operations forces. This weapon is a major improvement over its predecessor by providing enhanced combat capability through increased accuracy, lethality and range.

We are also requesting funds to procure an additional 1200 SAW off the Army's multiyear contract. These weapons are also tied to our defense and security missions.

Conclusion

I would emphasize again that the FY 1991 request focuses on readiness through increased funding for training munitions. This funding will contribute to ensuring a smaller, but flexible and prepared force, ready to meet various levels of combat intensity. Although the funding level for war reserve items is less than in previous years, we do continue to add assets to our stockpiles, but as was the case in FY 1990, the pace is slower. Further, some of the advanced weapons that were intended to enter production in FY 1991 are not mature enough to make that transition at this time. Thus we continue to confront difficult choices prompted by smaller budgets; while at the same time remaining responsive to user demands. Lastly, we must strive to attain efficiencies where possible, through rigorous reviews of

our own and contractor performance and by using procurement methods that reduce costs and ensure production continuity. It is facets such as performance and procurement strategy which will be essential in maintaining readiness and attaining adequate levels of sustainability in the leaner budget years ahead. I am confident that with your assistance we can successfully meet the rigorous training demands we have established and continue to posture ourselves to defeat the evolving threats we may confront. Again, I thank the committee for this opportunity to address these important issues.

Mr Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

Senator DIXON. I thank you, General Bracken and General Greenberg, and we thank General Granrud's attention. The Chair will go first to Senator Gorton, the ranking member for questions.

AMMUNITION BUDGET VERSUS THREAT

Senator GORTON. Thank you, Mr. Chairman.

General Greenberg, you talked about your heavy emphasis on these changes in requests due to a lesser threat. And yet if any theme went through all of the testimony on this issue in previous years, it was that our readiness and sustainability appropriations were not meeting the threat as it was perceived to be then.

Is it the thrust of your testimony that the request that you have made here is adequate to meet the threat as you have defined it? Or are we likely to have the same kind of shortfalls that have characterized the past several years?

General GREENBERG. Sir, the 1991 budget request we believe is adequate to meet the emerging threat as it is being projected to us and as we evaluate it.

The types of munitions that we are buying are those that will provide the greatest capability and the combat multipliers on the battlefield. So we believe that since the munitions are much more lethal now than they once were, we do not have to rely on large quantities of these munitions as in the past.

For example, the tank ammunition that we are buying is a much more competent, robust round than we once had. We believe that these compensate for large quantities of munitions that we once had to have.

So while our stockpile is coming down, its combat capability is staying approximately the same.

Senator GORTON. Then are you—and I want you to comment on this as well, General Bracken—are you representing to this subcommittee that the request which you have just outlined is threat-driven and not budget-driven?

General GREENBERG. I think that I would have to say it is both threat-driven and budget-driven. Obviously priorities have to play in any kind of constrained environment. Even when our budget was running \$2 billion plus, it was constraint-driven.

So I would say that it is a combination of both.

Senator GORTON. General Bracken.

General BRACKEN. Sir, our request satisfies the readiness needs of our Air Force in the future as we envision it right now.

We are uncertain with respect to sustainability and the levels we need to have in our inventories to meet the future threat. Therefore, we have skewed our budget in favor of readiness as opposed to sustainability. But I think that that is a reasonable judgment of the risk on our part, because as you mentioned in your opening statement, sir, the fact is that there is a lot of uncertainty and unpredictability in the future.

As I mentioned though, we are very concerned that whatever the final end state is going to be, that the adversary is still going to be very formidable because of the exportation of modern weapon systems not only by the Soviets but other nations, some of which are allied with our interests.

We are also focusing on—in a reasoned way—war reserves which are lethal force multipliers and give us a hedge against this uncertainty as well as give us reversibility in case we need to increase production.

I would respond to your question, with respect to, whether our request is threat-driven or budget-driven by stating that our budget is largely a reflection of what that threat is today. However, to some degree it is budget-driven, but against what may be a diminished threat as we see it right now.

PRODUCTION BASE MANAGEMENT POLICIES

Senator GORTON. I want to move on to production and management policies.

The statement of each of you gentlemen speaks about the necessity for really major profound changes in management and procurement policies for ammunition, high tech production policies, fewer plants, for example, shorter lead times and delay.

How far along are we? Are we just sort of thinking about or toying with this idea? Or are you in the planning stages? Or are you in the budget stages?

For example—and this is the most specific question—how much of the transition that you talk about in your testimony is actually reflected in this budget request?

General GREENBERG. 1991 is a pivotal year. The only ammunition plant closing that is involved in our 1991 budget is Mississippi Army Ammunition Plant.

This fall we built for the Secretary's approval a production base modernization plan which envisions the reductions that I have described here. And that became part of Mr. Cheney's submission to you in January.

And if you recall there were six plants that were mentioned as candidates for closure. The reason that they are called candidates is because we do not have foreknowledge of what is going on in the

future. We can only project where we believe our requirements are going to take us in the next 4 or 5 years.

As you also pointed out, sir, the program for fiscal year 1992-96 is under construction. When that program is developed and we have a better idea of what those 5 years are, we will then be in a position to begin detailed planning.

There are no dollars requested here other than for Mississippi for execution of that plan. However, I believe that the plan, unless changed by major threat determinations, will be one we can follow and one that you will see in subsequent budgets for execution.

Senator GORTON. Do you have a comment on that, General?

General BRACKEN. Senator Gorton, we really work with the Army on the sizing of the production base and we follow their lead on that. We have expressed the concern that we must have certain capacity to meet our future production requirements. But basically, the Army is the single manager.

I do not mean to be punting back to Paul, but we follow what they are doing.

General GREENBERG. Keep in mind, sir, when I lay a plant away, I do not eliminate the capability, the capability is always there. It just no longer remains active. But we must consider the other services as we do that. And we did as we built this plan.

Senator GORTON. Thank you. My time is up, Mr. Chairman.

Senator DIXON. I thank the Senator from Washington.

The distinguished senior Senator from South Carolina, Senator Thurmond.

URANIUM VERSUS TUNGSTEN ROUNDS

Senator THURMOND. Thank you, Mr. Chairman.

We are glad to have you gentlemen here today and thank you for your appearance.

General Greenberg, there appears to be a trend to stop the production of depleted uranium rounds, for example, as you may be aware. The Navy is switching from depleted uranium rounds to tungsten rounds for its PHALANX system.

Could you tell me if the Army is contemplating similar changes? And if so, what are the reasons behind this change?

General GREENBERG. No, sir. The Army is not contemplating changes at this time.

CINC'S AMMUNITION REQUIREMENTS

Senator THURMOND. General Greenberg, recently I was shown a chart that indicated the Army's fiscal year ammunition funding request represents a 39 percent decline since fiscal year 1988. The chart is footnoted with the comments that the war fighting commander in chief sustainability will deteriorate and that war reserve ammunition will be drawn down.

Your statement reflects that there would be a modest increase to the war reserve stockpile. Would you please address the differences between your statement and the chart which is based on information from the Deputy Chief of Staff of Logistics.

Would you also address how the proposed ammunition budget meets the requirements of the CINCs?

General GREENBERG. Yes, sir.

First of all, the 1991 budget represents about 3 percent of the procurement budget currently allocated to the Army. And that is about what we have been getting over the last 5 or 6 years, sir. So in terms of a percentage of the procurement account, we are holding our own.

In terms of what we are buying, we are adding to the inventory much more lethal tank ammunition and longer range artillery ammunition. What we are not buying are some of the older less capable rounds that we have bought in the past.

So while, yes, the dollar value of the procurements have gone down, the capability that we are adding to the field and to the war fighting CINCs is much greater than it once was. We believe that we are satisfying the CINCs' need for modern munitions.

COMMERCIAL AMMUNITION PRODUCTION

Senator THURMOND. General Greenberg, in your discussion of the future ammunition production base you point out the problems of maintaining the government owned facilities in these times of reduced funding for ammunition. You do not mention the impact on the commercial ammunition production base which relies extensively on military production.

General, could you give us your evaluation of the impact these reductions will have on the commercial ammunition producers and their subcontractors?

I have been told that the commercial industry is already working at about half its capacity, and that many manufacturers may have to get out of the business.

General GREENBERG. Yes, sir.

If you count the other service programs back in the early 1980s, I suspect we were spending about \$5 billion to \$7 billion a year for ammunition, all services considered.

While we can control to some degree the Government owned base, we cannot control the growth of the commercial base. Therefore, as the budget started to come down in the late 1980s, we were left with an extremely large commercial base that was vying for the dollars, which I guess by now have been reduced to approximately \$3 billion to \$4 billion.

We have seen an awful lot of settling in, if you will, among the commercial producers. We have seen changes in ownership. We have seen many of the smaller firms run into financial difficulties and have dropped out of the base. And we are going to see that more often as we move down over the next few years.

However, on the opposite side of that, as I reduce the size of the Government base, there is going to be more of the existing procurement available to the commercial side. Also the kinds of materials that we are buying today are produced, in the main, in the commercial sector. I refer to electronic componentry.

For example, we are buying electronic fuzes, electronic sensing devices and things like this, which have never been built in the Government base.

So I would say that there is a movement of available dollars out of the Government base into the commercial base.

FIVE CRITICAL AMMUNITION NEEDS

Senator THURMOND. General Greenberg, this committee will be making very difficult decisions regarding the department's funding request for ammunition.

General, to assist us in this endeavor, would you tell us what you consider your five most critical ammunition needs?

General GREENBERG. Yes, sir.

First and foremost, of course, if you discount our nuclear program, if you just talk conventional, is tank ammunition for our 120 and 105 tank fleets. Next I would say artillery and the fielding of the longer range 105 and 155 artillery rounds.

Third, I would say probably the 25 millimeter which is the depleted uranium round used in our Bradley fighting vehicle—very, very important to us.

Fourth, the mine program. Our mine program has suffered over the last couple of years in priority and it needs to be repaired. It is a tremendously lethal capability on the battlefield. We now have the VOLCANO system that we want to go with, so that would be the next one.

And I would say the last would be—can you help me, Jerry?

General GRANRUD. Well, 40 millimeter comes right after that. Our cartridge for the MARK-19, for example.

Senator THURMOND. Your answer did not consider nuclear?

General GREENBERG. No, sir. I am going to put nuclear above, because that being strategic rather than tactical—

Senator THURMOND. As I understand, nuclear would be—that would probably come first?

General GREENBERG. Absolutely, yes, sir.

Senator THURMOND. Thank you. I believe my time is up, Mr. Chairman.

BUDGET VERSUS THREAT REDUCTIONS

Senator DIXON. I thank the distinguished senior Senator from South Carolina.

General Greenberg, 3 years ago your fiscal year 1987 budget was projecting a total of \$2.4 billion for the Army ammunition account in fiscal year 1991. This year your budget request is \$1.4 billion, \$1 billion less than your projections just 3 years ago, \$500 million below the level appropriated last year.

My distinguished ranking member has already touched on this, what amount of that would you say is budget-driven really and to what extent is the changing threat, particularly with respect to the Soviet Union and the sea changes we see in Eastern Europe and other places impacting on what you are asking us for here?

General GREENBERG. Sir, I am going to let General Granrud handle a part of that. But before I do, let me say that, you have to consider the time frame under which the fiscal year 1991 budget was built.

If you recall, the formulation of the fiscal year 1991 budget began 18 months ago—

Senator DIXON. Sure.

General GREENBERG. —before a lot of the major changes occurred worldwide. However, we have an opportunity as it moves

through the process, the program process, and then into the budget to make changes and to mold our program.

Senator DIXON. Sure.

General GREENBERG. As we saw the changes occurring we knew that the requirements were going to change dramatically. However, we could not respond fast enough to make the necessary changes. So we constrained the size of the growth in the 1991 budget by decreasing the numbers of days of supply bought. And we tried to match buys with our capability to handle that quantity of ammunition in the field.

It requires operations and maintenance dollars to handle the stockpile. So we tried to tailor the size of the program to that. Plus the fact of the matter was, sir, that a large amount of ammunition that was wanted by the CINCs was brand new items that we had just typed classified, and we were in the throes of beginning production; and we had our problems with beginning to get that stuff started. And frankly, when we finally got to the bottom line on the 1991 budget, I did not think I could handle many more rounds than what I have got in there today because I could not produce them within the proper funded delivery period.

And so what I would say to you, sir, is that we tried to accommodate requirements as best we knew them. But one of the major drivers in what we were doing was governed by our ability to produce the new rounds that we had in the budget within the funded delivery period.

General GRANRUD. I would add a couple of things to that. On the new rounds, of course, we have been in the process of modernizing tanks and other important systems—Bradleys for example. And so we have continued to buy new ammunition for that, and that has been underway for a number of years.

We are beginning to meet the requirements for those new systems. And there is a change associated with that. One of the other changes had to do with the accounting of the ammunition and sustainability lines from what we call the AIIQ, which previously had not been counted.

And so as a consequence we had a larger holding of ammunition that we could not count as compared to what we previously had counted. So that was an important change in our management of the ammunition and the requirements for the ammunition.

General GREENBERG. Mr. Chairman, I would like to expand on that during the closed session as well, sir.

Senator DIXON. You and, I think, General Bracken in a like sense in your own situation would your responses be similar?

General BRACKEN. Sir, kind of. As I mentioned to you last year when I testified, fiscal year 1990 was the low year for procurement funding because we had finished up by and large the major procurements of weapons that started in the mid 1980s. We were transitioning to the more lethal and more precision-oriented kinds of munitions that have a better force multiplier capability.

We had planned to enter or start producing those munitions in the 1991 funding. We were not able to do that. For example, we are going to start Sensor Fuzed Weapon in 1992. So we are at a low point in fiscal year 1991. But I think as I mentioned earlier, that

when we bring the Sensor Fuzed Weapon into production, this will be reflected in the 1992 budget and beyond.

Senator DIXON. Well, at the expense of oversimplifying a highly complicated matter, I just want to make the point that these are pretty dramatic, tremendously dramatic reductions in numbers.

All of us understand that everything is driven to some extent by these budgetary changes we all see. But essentially, except for the fact that there are few of us on this committee and around in the Congress that might have a constituency interest, basically the constituency appeal is not here when you are talking about something as mundane as ammunition. But that is the responsibility of this subcommittee.

I hope you are not here asking us to put the imprimatur of this subcommittee on something that some day we are going to have to explain, when people say how come you let us have a hollow Army again or something of that kind.

I do get concerned about whether we are meeting the commitments that are obvious—commitments that we have to meet. I know that you folks must talk about that before you bring these numbers over here.

General BRACKEN. As I mentioned earlier, sir—

Senator DIXON. I hear what you are saying about readiness as distinguished from the sustainability part.

General BRACKEN. We debated that very, very heavily in our own budget formulation period. As General Greenberg alluded to, it is about an 18 month process. As we speak right now, we are already heavily involved in the 1992 submission and have been for the last 6 months.

But I am confident as are my colleagues that we have addressed the sustainment of those forces given the unpredictability of the future. And I think our goal in the long term is to make sure that whatever that built-down Air Force looks like we have the staying power to meet our commitments, sir.

5-YEAR LEVEL OF AMMUNITION FUNDING

Senator DIXON. I want to go Senator Coats, but let me follow up that line before we go back and as we develop it further in future questions from different Senators.

What do you see in the 5-year line? What level of ammunition funding do you expect over the next 5 years in view of what you are telling me now?

General GREENBERG. Sir, I would see our program as certainly not being any greater than what it is today.

Senator DIXON. We understand all this depends on force levels.

General GREENBERG. Yes, sir. We have got to see what the force levels and the structure will be.

General GRANRUD. And we have to examine pretty carefully what the effective new warning time is going to be.

Senator DIXON. But you all believe you are meeting your readiness requirements for the force levels you see next year in what you are sending to us?

General GREENBERG. Yes, sir.

General GRANRUD. As a requirements person for the Army I can answer that, yes.

Senator DIXON. You have some reservations about sustainability for what you foresee, what you reasonably expect, do you think a search capability can take care of that? Is that what you are all saying?

General BRACKEN. Yes, sir.

What we are saying in the Air Force is that as we develop the 1992 numbers, there will be some slight growth in our war reserve requirements, in response to the threat. This growth will reflect the new munitions we are bringing on line, like the Sensor Fuzed Weapon and munition of that nature. But our readiness is still a big concern.

I do not want to beat this to death, sir, but for instance 20mm training ammunition area, our consumption has gone up from 4.5 million rounds a year in 1985 to about 7.7 million rounds in the 1989 time frame, which is a healthy consumption for training. This is a demonstration, in my view, that we are giving those young men and women out there the opportunity to get the training they need. And they are flying a good ops tempo.

TRAINING AMMUNITION

Senator DIXON. I hope you understand this subcommittee wants to do that. I do not want to come back to this next year. I know great Senators have been around here many, many years, like the distinguished senior Senator from South Carolina and they have been watching this a long time.

We do not want to come back here next year and have people telling us they cannot even fire the necessary number of rounds. They have to fire in training to be competent and capable and battle-ready. We are not going to have that kind of a problem.

General GRANRUD. Let me address that from the Army's point of view. That is the one thing that the Chief of Staff has instructed us to take care of. Training ammunition will be sufficient to take care of the proper ops tempo.

Senator DIXON. Okay. I just want the record replete that we asked.

General GREENBERG. Yes, sir.

Senator DIXON. Senator Coats.

AMMUNITION PLANT BUILD-DOWNS

Senator COATS. Thank you, Mr. Chairman.

I appreciate the difficulties you have to be going through in the 1990s. Everybody is telling you, you cannot build up fast enough, and now everybody is telling you, you cannot build down fast enough. By 1995 if all goes as projected, you are going to be experts in both build-up and build-down, and they are not going to be able to let you go on either basis. But, it is almost an impossible task.

I have got a couple of broad questions, and then some specific questions relative to an Army ammunition plant in Indiana.

The broad question is—relative to your statement, General Greenberg—ammunition needs of the future will be characterized

by technically sophisticated more expensive rounds with pinpoint accuracy, devastating effect and so forth.

More of the components of these rounds will be made in electronic laboratories rather than in the heavily industrialized ammunition plants of today. Now I missed part of your testimony and maybe you have already discussed this. But how much of your decisions relative to build-downs, in a sense, of existing ammunition plants is tied to decisions that you will be using in manufacturing a completely different type of ammunition for the future?

General GREENBERG. Oh, I would say it is a good 75 percent, sir, of our decision. It has to be based on what we perceive in the future—are the kinds of munitions that we will need and the capability of the industrial base to meet those needs.

As we field the smart munitions, for example, the SADARM, sense and destroy armor round, much of it is going to be electronic. We are going to be using metal parts, of course, and they are going to come out of the commercial metal parts base.

We are also looking at liquid propellant, which is a unique new way of doing business in the outyears, instead of some of our older bag propellants.

Senator COATS. So you would not necessarily utilize the same facilities for production of this new type of ammunition. You would go to a different industrial facility, either contracting or building a new one.

General GREENBERG. Yes, sir.

Senator COATS. Well, then I am wondering—that leads to my question, main question and that is, we are putting all these facilities in lay-away. And I assume that is based on the assumption that there may be a need to have these things fully operating at some point in the future, and you do not want to totally deactivate them. But does that make good economic sense?

Have you evaluated the lay-away decisions relative to when you will ever need them again?

General GREENBERG. Yes, sir, but let me say that we have not as much as I believe we ought to over the next 5 years.

The process that we described very briefly in our statement is really a two-stage very complicated process that says, let us bring down the active base that I know I cannot use for peacetime production and is operating in an inefficient way.

Then let us take a look at the inactive base, that which is already in lay-away, both commercial and Government. We need to make sure that we are maintaining the capabilities that we, in fact, want to maintain.

And so a second piece of that is to, if you will, weed out from this garden what has grown up over these many, many years, those plants that we absolutely do not need or want. Now that is a very heavy step to actually get rid of a capability.

And I will not get rid of capability lightly. I want to make sure that indeed there are other kinds of munitions available to us in the base before I get rid of a capability.

You know, we fought Korea and Vietnam with an inventory of rounds that we did not think we would ever use again. But our industrial base was able to come back from inactivity and support us.

So I do not want to make those big changes until I am absolutely certain that it is in the country's best interest. That is what we are going to be doing over the next 5 years.

Senator COATS. Now, if I could get to the specific. The Indiana Army Ammunition Plant is scheduled for essentially laying away on almost a complete basis. You will maintain, from what I understand, the plan is to maintain just some very basic capability of keeping the plant in a lay-away condition.

There has been some confusion about just what fiscal year we are talking about—a couple of different things have been proposed.

Can you give me specifically right now? Or I can submit questions?

Senator DIXON. Is that classified?

General GREENBERG. No, sir, it is not. And I would be more than happy to do that, because it gives me an opportunity to do a bit of business that I would need to get done. We had anticipated that Indiana's work load could stretch through probably the end of 1993. And so we would begin the closure process in 1993.

Unfortunately, the 1991 budget and the 1990 appropriation kind of passed in the mail. We deleted our 1991 M-203 propelling charge program totally, believing that we had a 1990 program solid enough to carry us through and meet the requirements.

Well, the appropriation unfortunately contained but just a few thousand rounds. So it fell woefully short of our needs. In the mean time I had no 1991 program. It was zeroed out. So based on that, with no program in 1991, very little work in 1990 for Indiana, and at a couple of our commercial producers as well as Radford, I would have to move that timetable back one year.

We need the capability that those prop charges will provide. So we are in the process of putting together a reprogramming action of 135,000 rounds in 1990 which will allow us then to extend Indiana's workload to the 1993 time frame that we had indicated.

Now if we do not get that, if it is not successfully pursued—and by the way the ammo account, will come up with the dollars for that. We are not going to ask anybody for additional dollars. If we are not successful, then we would ask in subsequent discussions with your staff to add a 1991 line for prop charges that is not currently there.

We would prefer to do this in 1990, but if we cannot do it then, we would ask for it in 1991.

Senator COATS. All right, so, your request is already in on the reprogramming for 1990?

General GREENBERG. It is in process, sir. I do not think it has left the Army.

Senator COATS. But if that reprogramming is not granted, it will be specifically part of the 1991 request?

General GREENBERG. We will ask for it to be added in the 1991 request.

Senator COATS. And what you are trying to do is get back to your original decision and that is phase out by end of fiscal year 1993. You would begin the process in early 1993?

General GREENBERG. Yes, sir. To be accurate, what we are trying to get back are the prop charges that we believe we need.

Senator COATS. Right, on which your decision is based.

General GREENBERG. Yes, by so doing it will allow us to live with the decision we had originally announced.

Senator COATS. Is there anything that you know of that has changed since you made that original decision relative to what you think the prop charges you need are?

General GREENBERG. No, sir.

Senator COATS. Okay. So that is firm.

General GREENBERG. Yes, sir.

Senator COATS. Well, I hope that we can work with you on that. And I certainly, Mr. Chairman, would like to work with the committee and the staff also. Obviously, it is of interest to a facility in my State, but it also appears to coincide exactly with what the need happens to be.

And if we could facilitate that, I would like to work with you on that.

Senator DIXON. We are delighted to try to accommodate the Senator from Indiana.

Have you adequately explored it at this time? Do you have other needs? We will indulge you. And may I say that your staff and General Greenberg's folks and our folks will try to accommodate the Senator. How is that?

Senator COATS. I appreciate that. I have a series of questions. And maybe the best thing would be to just submit it for the record and let General Greenberg answer them. I do not want to take up the committee's time, because they are specifically related to this.

Senator DIXON. Has the Senator exhausted the subject for now?

Senator COATS. Yes, I have.

Senator DIXON. Those written questions will be sent to General Greenberg, I am sure he will accommodate us in an expedited manner and we thank him. Senator Gorton.

Senator GORTON. I have just one more question. As you remember, General Greenberg, during my opening statement I commented on the necessity to keep up with changes.

I assume all of you will be constantly in contact with the committee from now right through to the day before whatever final bill is passed by conference, you know, with any changes that our circumstances may warrant in this connection.

General GREENBERG. Sir, that is our policy and our practice. And that practice will continue.

Senator GORTON. Thank you.

Senator DIXON. I thank the Senator from Washington. Senator Thurmond.

Senator THURMOND. Thank you, I just have three more questions.

General Bracken, I believe we all agree that the domestic ammunition production base is facing severe economic hardships as we reduce our defense expenditures. In fact, we may lose so many of our commercial producers that it will be difficult to rebuild a production base in the event of a contingency.

Now, General, could you tell the committee how much of the Air Force ammunition is produced from offshore manufacturers? And could our domestic manufacturers perform this work?

General BRACKEN. Senator, I do not know what those proportions are right now. I do not mean to be evasive, but I would have to provide that for the record.

Senator THURMOND. Would you furnish that for the record?

General BRACKEN. Yes, I will. [The information referred to follows:]

None of the ammunition we intend to procure with fiscal year 1991 funding would be procured offshore. We have not procured an item from offshore producers since fiscal year 1987 according to our field activities and the Army Single Manager for Conventional Ammunition.

Senator DIXON. I thank you, General Bracken. I think that is a good question and I am sure the committee would like to know those numbers.

General BRACKEN. Yes, sir.

Senator DIXON. I thank the Senator for asking the question.

General BRACKEN. I was not prepared to answer that kind of question.

General GREENBERG. Sir, I believe that is more appropriately our question. And I will certainly work with General Bracken to give you an answer. But we look at this every year. And the percentages for ammunition are extremely low. I want to say less than 2 percent. But they are very, very low for ammunition. We attempt to use our domestic base 100 percent, if at all possible. And we understand the concern, and it is ours as well.

Senator THURMOND. General Bracken, could you tell us what share of the Air Force ammunition request goes to the Government owned facilities, and which share goes to the commercial manufacturers?

General BRACKEN. Sir, I would have to again defer that question to the Army, because they make the decision as to what mix and where the ammunition is produced.

Senator THURMOND. General Greenberg, do you want to answer that or furnish it for the record?

General GREENBERG. Yes, sir.

In total all services about 40 percent goes into the Government base and about 60 percent goes into the commercial sector. However, that is a little misleading, because within that 40 percent that winds up in the Government base a percentage of that is actually farmed out into individual procurements in the local economy. Many of the plants buy a lot of their raw materials from that installation in the local area. So I would say less than 40 percent.

General BRACKEN. Senator Thurmond, I think just to clarify, the Army is the single manager for us. They do most of our procurement of munitions for us.

Senator THURMOND. You mean the Army has to look after the Air Force too?

General BRACKEN. Yes, sir, they do and they do a good job of it too, sir.

Senator THURMOND. The Air Force used to be a part of the Army, so you still feel obligated to them. Do you not?

General GREENBERG. Yes, sir. [Laughter.]

And we take care of General Gray's Marine Corps as well, sir.

Senator DIXON. Now, was that your time, Senator, that they were?

Senator THURMOND. That is right. World War II. All during World War II.

Senator DIXON. I am just needling you a little.

1991 AIR FORCE AMMUNITION REQUEST

Senator THURMOND. We looked after them all during World War II.

General Bracken, one of the difficulties this committee is having with the defense budget request is that we do not know what the Department's plans are and what assumptions are driving their request.

General, could you tell us what size force structure and contingency scenario, the fiscal year 1991 Air Force ammunition request is based on?

General BRACKEN. Sir, that is a tough question to answer.

Senator THURMOND. Is that a question for the Army too? [Laughter.]

General BRACKEN. Sir, to the best of our ability to look into the future, we have tailored our 1991 request to reflect the threat as best we know it now considering the uncertainty that faces us all. But I think the risk is acceptable in terms of the munitions that we are procuring and have in the inventory. Our past plans coincided with a threat that involved a major land mass war on the continent of Europe. This scenario is not on the horizon any more.

I think our Secretary and our Chief of Staff as well as Secretary Cheney have testified to that effect before the committees over here. And I think we have taken that into consideration in constructing the future force structure.

You have seen some of that already in the fiscal year 1991 submission. And as we bring over the 1992 budget to you this coming January, you will get more insight into what our plans are with respect to what that threat is and what force structure we need to meet that threat.

I think the bottom line—something some people refer to as is the logistics tail—we are logisticians. We do not cast ourselves as tails. And that is the tooth and the tail argument, there is a lot of animal parts between the tooth and the tail. And we are not at the tail-end of that business.

We consider ourselves the jaw bone—the logistics jaw bone to support the war fighters. We have really paid attention to what we need to bring on line in the future. So as we build down the Air Force to a smaller size, recognizing that even though the Soviet and the Warsaw Pact is not a major adversary in the short term—in other words they could not come to closure quickly—we still face formidable weapon systems across the spectrum of Third World countries that we have to deal with.

We are a large country. We are a major power in this world. The world is smaller. It is more interdependent. There is a lot of capability out there. As military personnel, we have to build our force structure, not so much on intentions, but rather on the capability of our adversaries and the capability he brings to the table, whoever he is. And we see a proliferation of modern weapon systems and increased capability throughout the world.

As military we have to be prepared to meet that threat. I think those kinds of underlying disciplines have led to the kind of budget submission that we have brought over here for 1991, as well as in-

fluencing what we are doing, as we speak, in terms of construction of our 1992 budget.

I do not mean to be evasive, sir. But your question is a very difficult one to answer, because there is a lot of turmoil in the world.

And as Senator Gorton said earlier in his statement, it is a changing world. And I think the request that we have brought to you here with respect to munitions is flexible enough and gives us the ability to protect the reversibility that we may need if the world situation does not evolve the way we think it is going to evolve in the future.

Senator THURMOND. Thank you, General.

I want to assure you that we now consider the Air Force on parity to the other two services. Thank you. That is all, Mr. Chairman.

Senator DIXON. You are finished picking on the Air Force then, Senator.

The distinguished Senator from Michigan, Senator Levin.

AIR FORCE TRAINING AMMUNITION

Senator LEVIN. Mr. Chairman, thank you.

General Bracken, the Air Force's force structure is going to be shrinking and yet, you are going to be increasing training munitions. Can you tell us why you are going to be increasing training munitions at that time?

General BRACKEN. Yes, sir. There are several reasons for that. In the past, our training munitions budget has not been what we desired to maintain the combat capability of that force, no matter what size it is.

As an example, the 20 millimeter training ammunition that we fire from the F-15 and F-16, the force structure mix is skewing more toward F-15s and F-16s so that we have a higher training requirement for 20 millimeter ammunition.

Further, we have responded accordingly to satisfy what the war CINCs have told us in no uncertain terms, they need in terms of keeping their people ready, not only giving them the opportunity to fly the sorties per month that they need to fly, but also robustly training them in their mission.

We also have to be concerned about the mix, the total force concept. We must address the mix between the Active and the Guard and Reserve. The Guard and Reserve are playing an increasingly important role. We need to make sure that those people are trained as well.

We do not want to get ourselves in the same position as back when I was a combat fighter pilot, sir, and I was flying six or seven times a month. I ought to have been flying 18 or 19 times a month, which our pilots are flying right now. And we were training in a rather benign environment.

Now we send our troops to RED FLAG, and we expose them to the most demanding training scenarios we can. I think the proof of that is we have the best combat capable Air Force in the history of our Air Force, or in the history of any other Air Force in the world.

The training experience that we get by sending a pilot through RED FLAG, as an example, and the 10 missions that he gets out there as a primer in that training role has really paid big benefits.

When I was in Vietnam, most of our losses that we experienced on the new pilots coming into the combat theater over there happened through personal error in the first 10 days or first 10 missions they flew. And that is why we have a high degree of readiness emphasis in our budget.

Senator LEVIN. Would the amount of training munitions per pilot be going up, staying the same or going down with this increase in training munitions?

General BRACKEN. I do not think it is an increase in training, sir. We just have not—we have not——

Senator LEVIN. There is no increase in training?

General BRACKEN. ——financed it.

Senator LEVIN. There is no increase in training munitions that you are proposing?

General BRACKEN. There is an increase in training munitions in terms of the dollars we are spending. But the requirement has been there all along. We have not financed it adequately in the past.

And I think one of the things that we are sensitive to in our budget construct is the fact that the flying hours—at least over the next 2 or 3 years—will decline some as the force structure comes down. But I think in 1989 and 1990, if my memory serves me correctly, we were supporting about 3.3 million flying hours for the Air Force in the aggregate. And that is going to come down to about 3.1 million flying hours.

And it will come down a little bit more as we go out into the out-years of the FYDP. But still our activity level is going to be at about 3 million hours a year. That is a pretty healthy flying program, and we need to keep it there. And we need to have the training munitions that will support the flying program.

Senator LEVIN. General Greenberg, I think you are going to be supplying a list at a later time of munitions that are being phased out. Is that your intent this afternoon in the closed session? Or is that at a later time?

General GREENBERG. No, sir. I was given to believe we would provide that for the record.

PHASED OUT MUNITIONS

Senator LEVIN. This is going to be on a slightly different subject. Can you give us examples of munitions which are being phased out in order to make room for more sophisticated munitions?

General GREENBERG. Yes, sir.

The 155 artillery round, the M483 which is the ICM round is being phased out for a much longer range round. The M864 BASE-BURN round. The 107 which is your standard high explosive round has been phased out for some time in favor of the ICM family of rounds. Our tank ammunition modernization program has produced a new round every couple of years.

Senator LEVIN. Taking just the first two you mentioned, how big a stockpile do we have of those older munitions?

General GREENBERG. Sir, I would like to hold that for the closed sessions, if I may, sir.

Senator LEVIN. Is that classified?

General GREENBERG. Yes, sir, it is.

SENSOR FUZED WEAPON

Senator LEVIN. Okay. General Bracken just one question for you on the Sensor Fuzed Weapon that has been in full scale development since 1985.

There was a response that you provided for us last year for the record indicating there were some problems with that weapon. They were minor in nature, you felt at that time. And again, you are indicating though that that weapon is experiencing delays.

Can you tell us what those delays are?

General BRACKEN. Yes, sir. On the Sensor Fuzed Weapon, last year we thought we were going to be able to go to production on that weapon in 1991. After I had testified over here, it became apparent that we did have some minor problems.

Secretary Welch restructured that program. He looked at the acquisition strategy changes that we needed to pursue to correct the deficiencies that we had in that program. We had to make some design changes. We put the weapon back into test.

The program restructure occurred last August and September, and we have accomplished more testing during the full scale development program. We have conducted that program very vigorously. Since that restructure has happened, we have not had a DT&E test failure.

And in our view the program is on course.

Senator LEVIN. And when will production begin?

General BRACKEN. We are looking for production money in the 1992 budget, sir.

Senator LEVIN. Thank you, Mr, Chairman.

M864 ROUND

Senator DIXON. I thank you, Senator.

Gentlemen, my distinguished colleague and ranking member has indicated he does not have any further questions in the open session. I think what I will do is with the exception of one or two parochial questions, I hope you will indulge the Chair—and he never claimed he was not parochial—a couple of parochial questions.

Other than that I think we will send you the rest of these questions, if you do not mind, and ask you to answer those in writing, and we will go into the closed session.

Let me just quickly say, General Greenberg, that it is the information of the chairman that you are going to one producer for the M864 round because of the reduced procurement quantities. I have not established that. But is that factual?

General GREENBERG. Not this year, no, sir. It is going to be a year or two before we go to one producer.

Senator DIXON. The only thing I wanted to suggest, if you are going to a one producer on the M864 round, we make the BASE-BURN assembly, as you know, at the Joliet arsenal. The thought occurs to me that if we are making that in an acceptable way and

at an acceptable price, it hardly makes any sense to go—there is some discussion about going to a second source on that.

I question whether there is any need for that, if you are going to go to one producer for the shell. But I just mention that to you and ask you to take that into consideration.

General GREENBERG. Sir, we will take that into consideration.

AT-4

Senator DIXON. The other thing I wanted to mention to you is that I have had favorable reports on the AT-4 that we make at Joliet in operation JUST CAUSE in Panama.

Could you affirmatively support that if that is the fact?

General GREENBERG. Yes, I believe that is true.

General GRANRUD. That is correct. All the reports that I have from JUST CAUSE, the AT-4 was found to be suitable for every condition that they fired it in. They like it a lot.

Senator DIXON. I am very pleased to hear that and I thank you.

If neither of my colleagues have any further questions, I believe, we will declare then that the balance of this hearing will be classified and ask folks, other than those who are cleared for this kind of a session, to be excused.

[Whereupon, at 3:21 p.m., the subcommittee recessed to reconvene this same day under closed session.]

CLOSED SESSION

The subcommittee met, pursuant to recess, at 3:23 p.m., in room SR-222, Russell Senate Office Building, Senator Alan J. Dixon [chairman of the subcommittee] presiding.

Committee member present: Senator Dixon.

Professional staff members present: Robert E. Bayer and David S. Lyles.

Minority staff members present: Romie L. Brownlee, deputy staff director for the minority; Ronald P. Kelly and George W. Lauffer, professional staff members.

Staff assistant present: Mary J. Kampo.

Committee members' assistants present: Terence M. Lynch, assistant to Senator Shelby; Robert M. Soofer, assistant to Senator Gorton; Charles G. Percy, assistant to Senator Lott; Eric H. Thoemmes, assistant to Senator Coats.

Also present: Gary D. Reese, assistant to Senator Johnston and Scott Gudes, Senate Appropriations Committee.

Senator DIXON. Have at it, General Greenberg or General Bracken or General Granrud. Give us your deepest secrets.

STATEMENT OF MAJ. GEN. PAUL L. GREENBERG, U.S. ARMY, DEPUTY CHIEF OF STAFF FOR AMMUNITION, U.S. ARMY MATERIEL COMMAND, DEPARTMENT OF THE ARMY, ACCOMPANIED BY MAJ. GEN. JEROME H. GRANRUD, U.S. ARMY, ASSISTANT DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, FORCE DEVELOPMENT, DEPARTMENT OF THE ARMY

REVISED SUSTAINMENT CALCULATION

- AIIQ ASSETS NOW COUNTED TOWARD SUSTAINABILITY
- IN PREVIOUS COMPUTATIONS, AIIQ WAS NOT INCLUDED IN SUSTAINABILITY CALCULATIONS
- RESULT IS OVERALL IMPROVEMENT AND MORE ACCURATE PORTRAYAL OF ARMY SUSTAINABILITY POSTURE

PPSASC01(CLOSED)

General GREENBERG. What we wanted to talk about, sir, is the impact of counting AIIQ as a part of sustainability. We came to the realization that we had large quantities of ammunition in the hands of the soldiers and we were fielding [deleted] with every artillery piece and [deleted] with every tank, and we were not counting ammunition in the hands of troops as part of sustainability.

We said we had better make a change because we are undervaluing the capability in the field. So what I would like to do is show you the results of that change on the next couple of charts.

REVISED SUSTAINMENT CALCULATION DAYS OF SUSTAINABILITY (DOS)

ITEM	FY91 DOS WITH AIIQ	FY91 DOS W/O AIIQ	AIIQ REQMT	ASSETS ON HAND (AT END OF FY91 DELIVERY PERIOD)
5.56MM TRACER	[DELETED]	[DELETED]	10M	25M
7.62MM 4/1	[DELETED]	[DELETED]	216M	525M
105MM TK M900E1	[DELETED]	[DELETED]	213K	59K
AT-4	[DELETED]	[DELETED]	422K	386K
155MM COPPERHEAD	[DELETED]	[DELETED]	11K	21K
155MM RAAMS M741	[DELETED]	[DELETED]	41K	277K

PPSASC02(CLOSED)

These are just some examples of the dramatic changes that occurred. As you recall, sir, we measure ammunition capability in terms of days of sustainability or days of supply. If you take a look at a small item like the 5.56, we go from [deleted] without that calculation to [deleted] with the calculation because we have so much in the hands of the soldiers.

The AT-4 is another example. The sustainability requirement for that is only 25,000 rounds, whereas the AIIQ number is something like 422,000 rounds. As you can see, we had 386,000 rounds delivered out at the end of the 1991 delivery period, giving us a day of supply capability way in excess of [deleted].

Senator DIXON. Now take the AT-4. Whose hands are those AT-4s in?

General GREENBERG. We field AT-4 to the infantry soldier on the basis of two per squad, so every squad has in their basic load, which they can pick up and move with, two of those sets.

And then, of course, we have 25,000 of them behind that.

Senator DIXON. And all you are saying, simplistically, is you have just counted the 25,000 before.

General GREENBERG. Yes, sir.

Senator DIXON. From the standpoint of sustainability. Now you are counting the ones they have actually got in hand wherever they are in the field anywhere in the world?

General GREENBERG. Yes, sir.

Senator DIXON. This figure does not include the Marines, Navy and Air Force requirement?

General GREENBERG. That is correct, sir. This is strictly an Army requirement. The Marines, Navy and the Air Force have their own, and I have no idea what those numbers are.

Senator DIXON. Thank you.

General GREENBERG. You can see the other items. The COPPER-HEAD goes from [deleted] to [deleted] and the RAAMS, which is the anti-tank artillery-delivered mine, moves from [deleted].

Senator DIXON. What you are saying to me simply though, is—and I do not know if this is true for General Bracken as well, if he uses the same system as you—

General BRACKEN. No, sir.

Senator DIXON. You are saying from your standpoint that not only are we doing okay on readiness, in your view, but the sustainability is not as bad as we might think when we first look at the numbers?

General GREENBERG. Yes, sir.

Senator DIXON. Because when you look at it in depth now—

General GREENBERG. As a matter of fact, let us go to the next chart and you will see in the aggregate what we are talking about here.

SUSTAINMENT

DOS

[DELETED]

 1989

 1990

 1991

NO. IN COLUMNS REP
PREFERRED MUNITIONS

This is the sustainability model that we have shown from time to time. A couple of words of caution. We take 26 war fighters rather than the entire stockpile in computing this, and we use the European scenario. Now it was the European scenario that described a large land battle as this thing was created. What it shows is, for example, in the anti-tank area. The number in the box is the preferred ammunition. That is the round that the CINC would rather fire. The number at the top of the block is the total when you add substitutes into the computation.

So, in other words, he has for anti-tank [deleted] without AIQ of the preferred ammunition. He has [deleted] if you count substitutes—that is, all the other things that he could fire.

Now if you then add AIIQ into that calculation and move, you can see that that number then moves to [deleted] for preferred munitions and [deleted] for all munitions. That betters our situation considerably.

Now you see that is generally true there. In the mine programs, not so much in the anti-personnel situation, because first the AIIQ is not as great and therefore it will not make that big a difference, but also because we are not buying some of the older rounds like the 107 high explosive rounds. But you see that our sustainability for anti-personnel, for example, is way high. It is [deleted] in those rounds that the CINC says he would like to have on hand.

So, by and large, sir, by doing this we have more appropriately described our stockpile and we believe that was a wise decision and one that I think was better in our discussions with the CINCS and JCS.

Senator DIXON. I think actually for the future it is going to be a good thing, because when you are counting everything in hand out there in the field, and when something does tend to go obsolete, you do not have this tremendous oversupply that is still on hand that you have then got to inventory and put in a warehouse.

General GREENBERG. Yes, sir, absolutely.

I might mention we estimate it takes about \$500 million a year to maintain ammunition worldwide. By reducing the size of that inventory and relying more heavily on a more modern industrial base, we are going to save a lot of that.

Senator DIXON. The only thing I did not get to in the open session, the one thing that scares me pretty badly is you guys are all talking about this great surge capacity in our industrial base, but none of the evidence I see here or in the Banking Committee gets me too convinced about that great industrial base out there. I am not trying to be smartalecky about this, but I am the principal sponsor of the Defense Production Act changes this year and the extension thereof, and I think you know I have done all the work on the defense industrial base we put in the last DOD authorization bill.

I hope that surge capacity is still out there, you know.

General GREENBERG. Well, I am as skeptical as you are, sir.

Senator DIXON. I worry about it a lot.

General GREENBERG. The high priority that I am going to place on the industrial base over the next 5 years I think is going to be unprecedented in terms of knowing what we have out there and what we have to do to bring it back to a condition where I know it is going to be responsive. If I have a plant producing, I can surge that plant in a matter of days. If I have an inactive plant, and I can build things like rolling inventories and some of the component stocks that I need and keep my hands on the qualified work force out there, I think I can bring the response into line with what we believe our warning times are going to be.

Senator DIXON. I hope, I hope.

General GREENBERG. Yes, sir.

STATEMENT OF MAJ. GEN. EDWARD R. BRACKEN, U.S. AIR FORCE,
DIRECTOR, LOGISTICS PLANS AND PROGRAMS, DEPUTY CHIEF
OF STAFF/LOGISTICS AND ENGINEERING, HEADQUARTERS,
USAF

General BRACKEN. I just have three slides I will show you, sir. Senator DIXON. Nobody is happier than Dave. He is a big slide man. He will have a counter-slide by the next time we meet.

General BRACKEN. Sir, he counseled me not to say too much.

Selected Item Sustainability Status

Munition	[REDACTED]	[REDACTED]	O/H Jun 89	O/H FY90 FDP	O/H FY91 FDP
20MM (RDS)	[REDACTED]	[REDACTED]	23,950K	26,004K	25,644K
BSU-49	[REDACTED]	[REDACTED]	327,282	180,841	148,897
MJU-23 Flare	[REDACTED]	[REDACTED]	531	8,408	11,460
MJU-10 Flare	[REDACTED]	[REDACTED]	107K	516K	611K
FMU-139	[REDACTED]	[REDACTED]	108,359	152,018	160,919
CEM	[REDACTED]	[REDACTED]	56,609	103,096	103,096

We will leave more time for questions sir.

Sir, this reflects the planning guidance that we had as we constructed the 1991 budget. I think these numbers will give you some insight into why we made some of the decisions that we did. The slide portrays the [REDACTED] and [REDACTED] requirements. Those sortie requirements are based on the war plan tasking.

We measure our sustainability on how many sorties we can support as opposed to days of supply. It is easy to do that for us because we have constructed our models to look at that aspect of the problem, and I think in the future the Army and Navy will be looking for ops-oriented measures of merit in terms of sustainability.

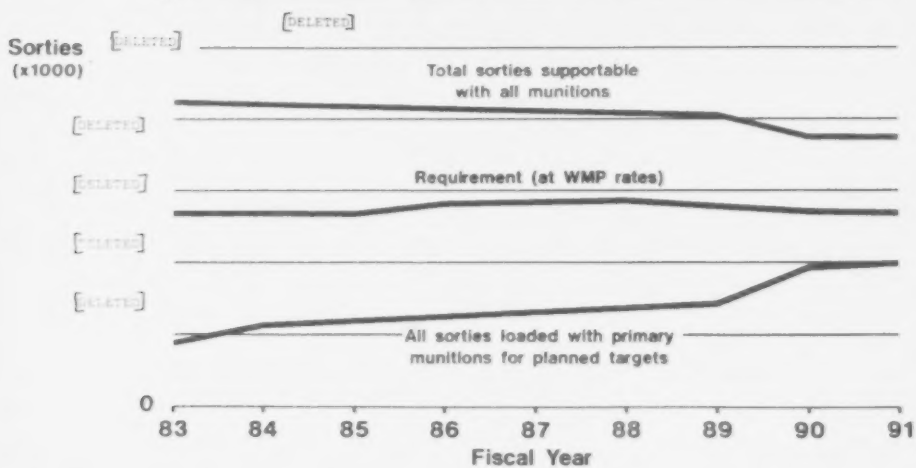
In the Department of Defense we have been working on a task force for the last year to come up with operationally-oriented measures of merit, and we have been postured that way for about 4 or 5 years now. These operationally oriented measures evolve into how many munitions we require. I have two other charts that will address this issue. But, for instance, 20 millimeter, our [REDACTED] requirement for war is about [REDACTED] million rounds of ammunition, and our [REDACTED] requirement is about [REDACTED] million. Our on-hand stocks in 1989 is 23 million and at the end of the fiscal year 1990 funded delivery period we will be up to 26 million rounds, and at the end of fiscal year 1991 funded delivery period, we will be at 25.

We are consuming some of these live rounds for training.

Jumping down to CEM, you can see our [REDACTED] requirement is [REDACTED]; [REDACTED] is about [REDACTED]; our on-hand at the end of June, 1989, was 56,000. Through the fiscal year 1990 funded deliv-

ery period, the inventory is projected to be 103,000, which is about [deleted] percent of our [deleted] requirement, and we are not planning any more procurements of CEM beyond 1990. Given the force structure that we will have in the future and the threat, we said we did not need any more CEM. So those are the overriding considerations determining the future of the Combined Effects Munition. We looked to the future, to the best of our ability, and determined we will be okay with the number of munitions we will have. We will transition into the Sensor Fuzed Weapon (SFW) that will use the same LAP plant. We plan for SFW to enter a production in 1992, and that is the best vision we can put on the future, given the eyeglasses that we are wearing right now, sir.

Tactical Munitions Sustainability



Senator DIXON. Dave likes it a lot.

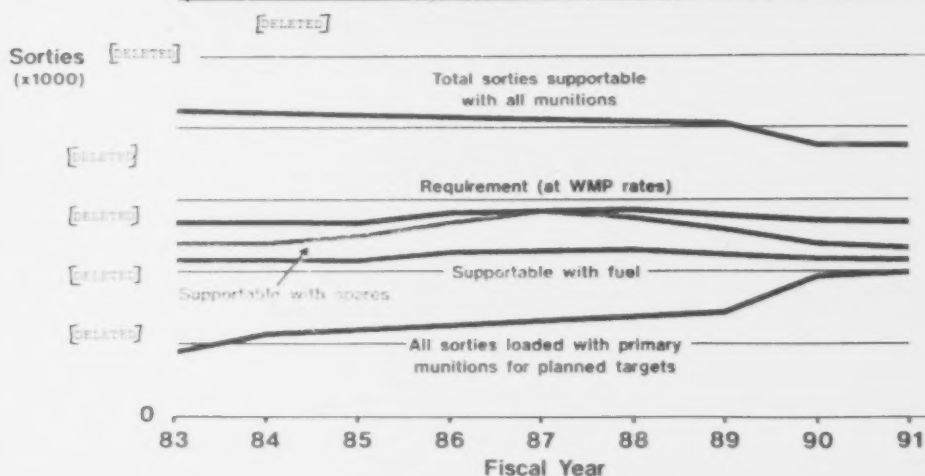
General BRACKEN. I think he likes this one, too, sir. This is my spaghetti chart. I think you can hear me okay if I stand up. This is the wartime requirement at the WMP sortie rates, the war mobilization planning rates. You can see, given what we knew when we constructed the budget, that rate is coming down. If we were to examine that rate a year ago, the rate would have been higher. This rate is the rate that we can support, given the force structure that we have in hand. That is not the total requirement. The top line is the total sorties that we can support with all kinds of munitions that we have in our munitions igloos out in the field right now.

We use substitution rules. If we run out of preferred munitions, then we will substitute something that is less preferred, if you will.

So we can cover the requirement with the existing stock of munitions that we have now. Some of these are old munitions that date from a long time ago—Vietnam era—and that is why we want munitions that have more lethality so that we can get in there with reduced exposure and get the kinds of target kill ratios that we need to get with our delivery platforms. That is why we are keenly interested in this blue line that goes across.

That is the primary munitions for the planned target. In other words, if we are going to go attack an armored column, we would prefer to have the right munition on there. If we do not have it, then we have to substitute with a less lethal munition. There is a jump in this line and that is not because we are buying anything. That jump is because we have had to make some of those substitutions. As we move away from Maverick, for instance, we have had to substitute in quantities against that armored threat. We did not have enough Mavericks to go around, so we substituted another munition.

Tactical Forces Sustainability



Another perspective, and one of the considerations we look at, is not only balance within the munitions account itself, but we also have to look at the other areas of readiness and sustainability. It is a very complex integrated set of factors that we need to bring to bear to make sure we are balanced across the entire spectrum of items that we need to provide to the warfighter to execute his mission.

It does not do us any good, for instance, to have [deleted] of munitions if the airplanes run out of parts after the seventh day of war. So that is the kind of balance we are trying to convey here.

The purple line is still the total sorties supported with munitions.

Senator DIXON. Do you mean any kind of munitions?

General BRACKEN. Yes, sir. The yellow line is the requirement, again not the requirement to cover the target base but the requirement with the numbers of airplanes that we have to cover the target base. The green line is what we can support with spares on the airplanes. That is why spares are a very important commodity that we need to be sensitive to.

The red line is supportable with fuel, and then the blue line is the primary munitions, and you can see—this is the thing we try to keep in balance—the convergence of these lines out here, so that

we support the weapon systems in all capacities, not just munitions but spares.

We do in fact make tradeoffs during the construction of our budget to make sure that we keep the factors in relative balance to the best of our ability, given the resources that we have.

Senator DIXON. I thank you, General Bracken. Gentlemen, you have been very helpful and we appreciate very much you giving us this time today. I think unless you have anything further to contribute, we will send you some written questions. Otherwise, you have accommodated us very well. Senator Thurmond continues to send along his best to the Air Force.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN DIXON

UNAUTHORIZED APPROPRIATIONS IN FISCAL YEAR 1990

Senator DIXON. General Bracken, Congress appropriated \$207 million for the Combined Effects Munition in fiscal year 1990, \$70 million more than your budget request and the authorized level. Your statement this year indicates you are terminating this program in fiscal year 1991 because you will have "sufficient assets on hand." Do you need to spend the \$70 million appropriated but not authorized for this program in fiscal year 1990 to meet your mid-term sustainability objective, particularly in light of likely reductions in the size of the Air Force structure over the next several years?

General BRACKEN. The \$70 million will help us attain a higher percentage of our mid-term sustainability objective, approximately 4-5 percent. Further, these funds would provide a more economical production quantity.

Senator DIXON. General Bracken, what is your overall inventory of A-T rounds and how long does this compare to your sustainability objectives?

General BRACKEN. The Air Force has procured through the Army Single Manager for Conventional Ammunition, 1,067 rounds in fiscal year 1988 and 3,635 rounds in fiscal year 1989 (a total of 4,702 rounds). However, deliveries are not forecast until May 1990 for the fiscal year 1988 procurement and October 1991 for the fiscal year 1989 procurement. The sustainability objective for light multipurpose rounds used to defeat light armor and materiel targets is 25,000 rounds. This operational requirement can be met by either the AT-4 or the M72A3 (Light Antitank Weapon). The Air Force prefers the M72A3 because it is less expensive and meets the requirements of MIL-STD-1316D for dual safing. The AT-4 does not meet this safety requirement. The Air Force intends to continue to procure the M72A3 to meet the remainder of its sustainability objective.

Senator DIXON. The Navy recently decided to arm their cannon-equipped tactical aircraft with the new PGU-28 family of ammunition. This round replaces the M-50 series of ammunition which is very old technology, having been developed in the 1950s. The PGU round offers a significant improvement in lethality, range, and target effectiveness. The Air Force, while aware of the improvements of the PCU-28 family, continues to procure the old and less effective M-50 series of ammunition.

When is the Air Force planning to procure the more lethal and combat-effective YGU-28 family of ammunition for their cannon-equipped aircraft as in the Navy?

General BRACKEN. The Air Force does not intend to procure the PGU-28 family of ammunition for fighter aircraft at this time. Tactical Air Command (TAC) looked at the PGU-28 in July 1989 subsequent to a presentation by the manufacturer, Olin, Inc. The 1-5 percent performance increase was associated with an advanced sight and gun system. TAC concluded that the small increase did not warrant procurement of the ammunition for existing guns or retrofit of fighter aircraft with a new gun system. TAC is looking at the possibility of using this ammunition in the Advanced Tactical Fighter (ATF). However, the Air Force Special Operations Forces (SOF) have indicated an interest in PGU-28 ammunition for AC-130 aircraft that have 20mm cannon. It is their plan to review test data and conduct tests this year to determine if the ammunition will meet their operational requirements.

PLASTIC AMMUNITION

Senator DIXON. It has come to my attention that many of tactical ground units in the Marine Corps Reserve, Active Army, Army Reserve and Army National Guard

are not receiving adequate training on some of their organic weapons because of the limitations of range facilities at the locations where these units are stationed because of range safety requirements and environmental limitations. I refer specifically to .50 caliber training for the Reserve components with their limited ranges at drill sites. Is it true that many units are not receiving adequate training on these weapons for this reason?

General GREENBERG. No, this is not true. This relates to Active Army National Guard and Reserve units. It is presumptive if we respond for the Department of the Navy regarding their Marine Corps component. Training ranges for caliber .50 caliber machine guns are not available at many Guard and Reserve drill sites and some Active Army sites. Units stationed at these sites must schedule training at the nearest DOD facility that has a training range. We are not aware of any past or present environmental limitations on caliber 50 training.

Senator DIXON. I also understand that the USMC and National Guard have expressed interest in the new .50 caliber short range training plastic ammunition for this very reason. In fact, isn't it true that the USMC has now purchased some limited range plastic training rounds already and is pushing hard for it's type classification?

General GREENBERG. The USMC is monitoring the Army efforts in short range training ammunition. The current and prior contracts for this item did not include USMC buys. However, the Army Guard and Reserve have expressed an interest in caliber .50 short range training ammunition. This item could permit training in Limited Training Areas. The ammunition is not new. The Army type classified caliber .50 short range training ammunition on the 24th of May 1983.

Senator DIXON. I am also told our Regular units, as well as some Reserve units equipped with the larger caliber 25mm bushmaster gun on the Bradley Fighting Vehicle face even more serious training limitations. I am told that crews on these systems are experiencing serious training decay. Is this correct?

General GREENBERG. It is not correct. 25mm training requires sufficient planning to reserve range time at an approved 25mm firing range. There are not many 25mm training sites since the projectile range can exceed 15 kilometers. We must consider this factor for both the soldier and the general population safety.

Senator DIXON. My briefing on short range plastic training ammunition indicated that realistic marksmanship and crew drill training can be accomplished on scaled ranges greatly reducing range physical and environmental requirements. Doesn't it logically follow then that training could be accomplished at many more locations, and therefore many more troops would be able to receive training by the use of this innovative training ammunition?

General GREENBERG. We assume you are referring to caliber .50 ammunition. Effective marksmanship and crew drill training is possible with short range training ammunition. The Army type classified caliber .50 short range training ammunition for this reason. To the extent that scaled ranges are available, the logic is correct.

Senator DIXON. I also understand that substantial cost savings could amount to 40-60 percent savings over conventional training rounds. What is the Army doing regarding the use of plastic training ammunition?

General GREENBERG. Only Western European respondents submitted bids for fiscal year 1987/88 and fiscal year 1989 competitive procurements for caliber .50 plastic ammunition. Bakelittfabrikken A/S, Norway won both bids. The fiscal year 1989 cost, influenced by an unfavorable exchange rate, was \$1.08 per cartridge. The fiscal year 1990 cost of caliber .50 ball training ammunition is \$0.97 per cartridge, manufactured at Lake City Army Ammunition Plant, Independence, MO. Therefore, plastic is \$0.13 each more expensive on a direct purchase cost comparison. Plastic ammunition has an additional investment cost; the gun cannot fire on automatic without a recoil amplifier. Brochures from the two major Western European manufacturers clearly note that automatic firing requires such a device, which they manufacture. The only respondent to the Army's competitive procurement request for caliber .50 machine gun recoil amplifiers was Norway. We have contracted to buy 3,950 amplifiers at a cost of \$3,000 each.

The Army is providing caliber .50 short range plastic training ammunition to those units that wish to use it for training. Within certain limitations, the unit being trained selects the training ammunition. We permit, not require, the use of alternate training methods. Significant demands for caliber .50 short range training ammunition did not exist until fiscal year 1987. We meet our current and projected demands with the fiscal year 1987-89 procurements. Our assets at the end of the fiscal year 1991 funded delivery period will exceed our requirements.

Senator DIXON. I would appreciate your reporting to this committee on the use of short range plastic training by the military services.

General GREENBERG. The Army, as the Single Manager for Conventional Ammunition, will procure 5.56mm short range training ammunition for the Army and Air Force; the Navy and Marines have not stated any requirements. For caliber .50 short range training ammunition, the other military services have not stated any requirements. The Army requirements are met with the fiscal year 1987-89 buys.

155 MILLIMETER ARTILLERY ROUND (M864)

Senator DIXON. General Greenberg, one of the largest ammunition items in your budget is \$118 million for 138,000 rounds of the 155 millimeter M864 artillery round. Have the technical problems with this round been solved yet, and are you ready to go into full scale production?

General GREENBERG. The technical problems presented to you last year involved separation at the base to body joint that occurred after the 7-foot, 45-degree, nose-down drop test. This problem has been solved through redesign of the joint. The Army has restarted full production and will begin receiving delivery of projectile metal parts in July 1990 with complete round deliveries beginning in December 1990.

Senator DIXON. General Greenberg, I understand that you have a backlog of approximately 500,000 rounds of this shell which have been funded but not produced because of technical problems. Is this correct?

General GREENBERG. The current backlog of M864 Baseburner projectile is 521,000 rounds.

Senator DIXON. With this large backlog, why do you need an additional \$118 million for 138,000 rounds in fiscal year 1991?

General GREENBERG. As currently scheduled, fiscal year 1990 and prior procurements will complete production in November 1992, thus allowing for completion of the fiscal year 1991 program by February 1993 and within the fiscal year 1991 funded delivery period. Though there is a significant delivery backlog, the critical need for this preferred artillery round mandates an accelerated production schedule to include the quantity requested in our fiscal year 1991 budget submission. Even with this request, the inventory of M864 at the end of the fiscal year 1991 funded delivery period will be significantly below the quantity necessary to satisfy the needs of our various CINCs.

Senator DIXON. General Greenberg, I understand you are planning to go to one producer for this M864 round because of reduced procurement quantities. Since you are planning to go to one producer of the shell, does it make any sense to bring on a second producer of the Baseburn assembly for this round? What is the current schedule and cost of bringing on a second source producer for this Baseburn assembly?

General GREENBERG. Fiscal year 1989 Congressional Language directed that "if the M864 low-rate initial producer certified to the Secretary of the Army that he would facilitate a Government-owned Contractor-operated Army Ammunition Plant then the Secretary shall contract to that producer at least 96,000 M864 Baseburner Assemblies each in fiscal year 1989 and 1990; and, that the Secretary shall competitively select a second source producer for M864 during fiscal year 89". Longhorn AAP won the competitive second source solicitation, thus, enabling the Army to meet the congressional direction. Longhorn AAP self-facilitated for production of Baseburner assembly, however, the Army provided \$3.1 million for retooling. They were awarded a Cost Plus Award Fee, Multiyear (2 years) contract. The base unit price of Baseburner assemblies under this contract is \$148; this unit cost can increase as a result of costs incurred by Longhorn during production. Thus, the final cost will not be determined until production is completed. By comparison, the unit cost of assemblies produced at the Talley Joliet Facility is \$215, and those at Talley Mesa is \$182. Therefore, the Army is not in a position to determine which contractor can deliver the Baseburn assemblies at the best price. In addition, the Army needs the capacity of all three facilities to clear up the production backlog of M864 projectiles. The prudent course of action at this time is to allow each producer to complete his contract and identify the one who can provide the most economical product in a timely manner. This information can be used to down select to one producer in the future.

UNAUTHORIZED APPROPRIATIONS IN FISCAL YEAR 1990

Senator DIXON. General Greenberg, Congress appropriated \$245 million for maintenance and repair of Army ammunition plants in fiscal year 1990, \$120 million more than the budget request and the authorized level.

What projects do you expect to carry out with these funds?

General GREENBERG.

Plant	Title	\$/M
Lake City	20mm Ammunition Production Equipment	9.751
Lake City	Air Compressors/Dryers	2.492
Lonestar	Detonator Equipment Air Compressors	1.208
Radford	Safety/TNT Area Support	4.300
Radford	Acid Ammonia Oxidating Plant Phase 2	2.327
Eveready	Fuze-Battery Electrolyte Tanks	5.675
Lake City	Primer Dry & Storage	6.055
Sunflower	NQ Productivity Improvements	7.055
Longhorn	Safety Cover/Pave Pyrotechnic Composition Route	0.205
Indiana	Safety-Deluge System Line 7B	1.100
Indiana	Safety-Deluge System Igniter Line	0.934
Radford	Replace Nitrocellulose Tanks	6.000
Louisiana	Infra-structure Water Distribution System	10.257
Indiana	Safety Hazardous Material Storage	1.000
Badger	Correct Line Deficiencies	8.000
Lake City	.50 Caliber Manufacturer Equipment	8.364
Pine Bluff	Environment-Binary DF Incineration System	6.800
Multiple	Environmental at Ammo Plants	12.000
Multiple	Engineering Design	8.795
AIMCO	3/5" Projectile Correct Production Deficiencies	4.972
NMI	Enviromental-DU Waste Facility	2.200
Multiple	Production Support Equipment and Equipment Replacement	6.510
JPG/YPG	Proving Ground Modernization	4.000

Senator DIXON. If this \$120 million that you didn't ask for last year is released to the Army in fiscal year 1990, can we reduce your fiscal year 1991 budget request in this area?

General GREENBERG. Not without creating a rework of fiscal year 1991 efforts. The projects identified for funding with the \$120 million are for environmental restoration, filling of voids in existing ammunition production lines and equipment modernization. If the fiscal year 1991 program were reduced by \$120 million, it would mean that all but \$14.7 million of the \$134.7 million of Provision of Industrial Facilities project would have to be moved forward, as they are primarily required to correct environmental and safety deficiencies and are of higher priority than those on the \$120 million plus-up list. Moving these projects forward would mean expediting review of scopes by technical and cost analysis personnel and processing of procurement documentation. The time between submission of the President's budget and execution is used for verification of design, final pricing of scopes and other administrative processes.

AT-4

Senator DIXON. Why has the funding for AT-4 been cut back so much in fiscal year 1991, from \$70 million in fiscal year 1990 to \$16.6 million in fiscal year 1991?

General GREENBERG. The Army plans to make its last procurement of AT-4 in fiscal year 1991. Therefore, the fiscal year 1991 program was designed to "buy out" several years of Army training requirements and support other services' buys. The strategy was to combine the requirements and obtain an economic production quantity. The other services, for various reasons, canceled their fiscal year 1991 pro-

grams leaving the Army with a relatively small procurement program. Our plan is to combine this small fiscal year 1991 program with our fiscal year 1990 program to maintain an economic production quantity and avoid the unit price increase associated with procuring a small amount of AT-4 in a separate action.

155 MILLIMETER COMBUSTIBLE CARTRIDGE

Senator DIXON. General Greenberg, does the Army plan to bring on a second producer of the 155 millimeter combustible cartridge case?

General GREENBERG. We have abandoned our initiative to establish a second source combustible case producer for the 155 millimeter (mm) combustible cartridge case (CCC), due to reduced requirements. There had been two attempts to establish this CCC second source, first being to expand the initial production facility at St. Marks, Florida, operated by Olin Ordnance Corporation; and second, establishing a "Generic" CCC facility to produce both 155mm and 120mm cases. With diminishing requirements these initiatives were abandoned.

Senator DIXON. What is the cost of bringing in this second producer?

General GREENBERG. We estimated the cost at about \$20 million had we continued the initiative.

Senator DIXON. Do you plan enough of a buy of this item to justify this added cost?

General GREENBERG. After the reductions to the M203A1 155mm Propelling Charge and the 120mm Tank Ammunition programs in fiscal years 1989, 1990 and 1991, we could not justify the cost of establishing a second source.

STORAGE OF AMMUNITION IN EUROPE

Senator DIXON. General Greenberg, we all realize that there will be significant reductions in the level of U.S. forces stationed in Europe beginning in the near future. Have you begun to reduce the amount of ammunition that you are sending to Europe to be stockpiled there?

General GREENBERG. Yes, only training unique and modern/preferred ammunition is now being shipped to Europe. Shipments are based on established training requirements and munitions which are called forward by USAREUR as needed for war reserve buildup, modernization and training.

Senator DIXON. General Greenberg, have you started looking at how much ammunition currently stored in Europe will have to be brought back to the United States when we begin to draw down the level of U.S. forces in Europe?

General GREENBERG. Although current storage levels of the majority preferred munitions in USAREUR are below required levels, force reductions and changes to in-theater stockage objectives will reduce required levels so excesses will probably result.

Excess munitions will be drawn down to required stockage objectives through:

Maximum utilization of excess to support training requirements (OCONUS and CONUS).

Redistribution between theaters.

Security assistance transfers to allies either through FMS or some form of grant program. Sell ammunition along with FMS or associated class VII item.

Senator DIXON. Do you believe that we should consider moving ammunition demilitarization activities into the Army ammunition account so that ammunition managers can better manage the growing problem?

General GREENBERG. Consideration is already being given to move ammunition demilitarization activities from OMA to Procurement Appropriations. Several ways of accomplishing this are being formulated for staffing within the Army. In the meantime, we are committed to a funded OMA ammunition demilitarization program which will minimize growth of the demil stockpile and assure destruction of stocks representing imminent safety hazards.

KINETIC ENERGY (KE) TRAINING ROUND

Senator DIXON. The kinetic energy (KE) training round for 105mm equipped tanks, the M724A1 round, was greatly reduced in the fiscal year 1991 ammunition budget, falling from \$39.4 million in fiscal year 1990 to only \$6.5 million in fiscal year 1991. At the same time the Army is proposing to buy \$67 million worth of the KE combat round—the M900E1 round. A reduced buy of the M724A1 round is also significant in view of the Army's intent to cancel M1 tank production prematurely. If production is halted, it will leave a large number of 105mm tanks (M60 and M1) in the Army's tank fleet well into the future (approximately 40 percent of the fleet).

What is the rationale for cutting 105mm KE tank training rounds at the same time that the Army is buying large amounts of the 105 KE service ammunition?

General GREENBERG. The Army is undergoing force structure changes in Central Forces Europe resulting in realignment of weapons systems. The Army's current plan is to reposition the majority of the 105mm tank fleet to Army Reserve and National Guard. This redistribution causes about a 75 percent peacetime training ammunition requirement reduction, since training for the National Guard is on a cyclic basis of about every 3 years compared to annually for the Active force. The service KE round is the new M900E1, Armor Piercing Fin-Stabilized Discarding Sabot with Tracer (APFSDS-T) developed under the Armament Enhancement Initiative (AEI) program. It provides improved lethality and survivability to the tank crew, thus offsetting obsolescence of the 105mm tank fleet. Fiscal year 1991 is first year of full production. This buy builds toward our inventory objective of the service round we need in wartime.

Senator DIXON. With the cancellation of M1 tank production, will there not be a large number of 105mm tanks in the Army inventory that require KE training ammunition?

General GREENBERG. Planned curtailment of the 120mm production does cause a retention of a portion of the 105mm tank fleet in the Army inventory. The current plan is that this fleet will migrate to the Army Reserve and National Guard force structure. Therefore, the peacetime training requirement is reduced by 75 percent resulting in decreased buys.

QUESTIONS SUBMITTED BY SENATOR DAN COATS

INDIANA ARMY AMMUNITION PLANT

Senator COATS. What is the Army's current plan for laying away the Indiana Army Ammunition Plant (INAAP)? In what fiscal year will closure begin and when will INAAP be fully laid away?

General GREENBERG. The Army plans to layaway INAAP in fiscal year 1993, assuming that the fiscal year 1990 M203 propelling charge program is reestablished plus a \$70 million reprogramming action, that there is a substantial fiscal year 1991 M203 propelling charge program and there are substantive fiscal year 1992 propelling charge programs to distribute plant overhead among multiple products. Otherwise, the Army will begin to layaway INAAP in fiscal year 1992. It will take approximately 18 months to complete the layaway process.

M203 155MM PROPELLING CHARGE

Senator COATS. I have been informed that the Army has requested a reprogramming of prior year appropriated funds to maintain production of the M203 propellant charge. Could you explain this request and describe how, if at all, it affects layaway of INAAP?

General GREENBERG. The Army budget request for fiscal year 1990 contained \$106.3M for procurement of the M203 prop charge. Congress appropriated and authorized \$15M for M203s in fiscal year 1990. This level of funding will result in fiscal year 1992 closure of INAAP. Joint Appropriation language stipulated that an additional \$19.3M in unobligated fiscal year 1988 provision of industrial facilities funds could be used to prevent a break in production. The additional \$19.3M provides for approximately 2 months of operation, not enough to avoid a break in production. Therefore, an Army reprogramming request for \$70.4M will be forwarded by the end of April 1990. The request will require reprogramming of the \$19.3M unobligated fiscal year 1988 production base funds; \$13.8M unobligated fiscal year 1988 Copperhead funds (termination/layaway less than anticipated); and \$37.3M unobligated fiscal year 1989 funds for RDX facility into the respective fiscal year 1988 and fiscal year 1989 M203 155mm Propellant Charge. This reprogramming plus a substantial fiscal year 1991 M203 buy and a substantial fiscal year 1992 propelling charge program would keep INAAP operational until the original planned closing in fiscal year 1993.

CLOTH BAG/COMBUSTIBLE CARTRIDGE

Senator COATS. I understand that the Army is currently attempting to determine its present and future requirements for cloth bag and combustible cartridge propellant charges. What is the Army considering in making this determination? When do you expect to have this information?

General GREENBERG. The Army is in the process of developing its future requirements for propelling charges. The Army requirements for bag and combustible cartridge propellant depend on the number of artillery projectiles the Army buys. Artillery propelling charges are "balanced" to projectiles to support the various tactical missions the Army expects to accomplish in wartime. The Army is currently developing new war reserve requirements in light of the changing threat in the European Central Region. These new requirements will be considered as the Army builds its fiscal year 1992-1997 Program Objective Memorandum. This process will not be completed for several months and the results will not be converted into specific procurement programs until June or July 1990.

INDIANA ARMY AMMUNITION PLANT

Senator COATS. I have been informed that the Army plans to handle residual propellant charge requirements, in part, by moving INAAP's current activities to other Army facilities. Is this correct? Is the Army basing the relocation of these activities on any specific studies that show cost savings? If not, are such studies planned or underway? Would the Army continue to support moving INAAP's activities if it were not cost effective to do so?

General GREENBERG. The Army is considering moving residual propellant charge production to other activities where similar facilities exist. We have been studying the costs and savings associated with ammunition production base consolidation, which includes INAAP. We are currently scrubbing those costs and economies. If it is not cost effective to deactivate INAAP, or any other plant in the consolidation plan, then we would not pursue the action.

Senator COATS. What other factors is the Army taking into consideration in its decision to move INAAP's activities to other Army facilities? Have these factors been evaluated; if not, when will such studies be available?

General GREENBERG. The Army is considering the impact of changing force structure and reduced ammunition requirements as they affect the entire ammunition production base. Plans and decisions about the base are being made with an eye toward cost effective and efficient production. The Army performed a study of the base and briefed the results to Mr. Stone, the Secretary of the Army. The study will be sent to Congress as an Annex to the Army Integrated Ammunition Modernization Plan.

Senator COATS. Would the Army be willing to consider alternatives to moving INAAP's propellant charge activities if such proposals are designed to meet Army ammunition requirements and prove to be efficient and cost effective?

General GREENBERG. Yes. The Army goal is to provide for ammunition requirements in an efficient and cost effective manner. The Army will evaluate independent proposals on their merit.

Senator COATS. Laying away facilities, by definition, is a procedure designed to maintain a mobilization base. At INAAP this will require the retention of some 140 personnel to maintain the facility. By maintaining a slightly larger personnel base, the Army could continue a low level of production, and thereby preserve the highly specialized workforce and flier base now associated with INAAP's mission. Has the Army considered the benefits of retaining this capability, which is also an important mobilization asset?

General GREENBERG. The Army considers that INAAP is a mobilization asset and that is why it will be retained in the inactive base with a cadre of skilled personnel to look after and maintain it. The Army anticipates that maintenance personnel will consist largely of current employees, thereby preserving the essential skills required for operations and for training of new hires in the event of emergency.

Maintaining a "low level" of production at INAAP would make the cost of the product unaffordably high because it would absorb all the overhead costs for keeping the plant open.

[Whereupon, at 3:40 p.m., the subcommittee adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

WEDNESDAY, APRIL 4, 1990

U.S. SENATE,
SUBCOMMITTEE ON READINESS,
SUSTAINABILITY AND SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

DOD ENVIRONMENTAL PROGRAMS

The subcommittee met, pursuant to notice, at 9:30 a.m., in room SR-222, Russell Senate Office Building, Senator Alan J. Dixon [chairman of the subcommittee] presiding.

Committee members present: Senators Alan J. Dixon, Timothy E. Wirth, Richard C. Shelby and Strom Thurmond.

Committee staff members present: Madelyn R. Creedon, counsel.

Professional staff members present: Robert E. Bayer and David S. Lyles.

Minority staff members present: Romie L. Brownlee, deputy staff director for the minority, Ronald P. Kelly, and George W. Lauffer, professional staff members.

Staff assistant present: Mary J. Kampo.

Committee members' assistants present: Charles C. Smith, assistant to Senator Dixon; Leon S. Fuerth, assistant to Senator Gore; Jefferson B. Seabright, assistant to Senator Wirth; Terence M. Lynch, assistant to Senator Shelby; Patrick F. McCartan, assistant to Senator Wilson; Robert M. Soofer, assistant to Senator Gorton; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR ALAN J. DIXON, CHAIRMAN

Senator DIXON. Ladies and gentlemen, this morning the Subcommittee on Readiness, Sustainability and Support continues our hearings on the fiscal year 1991 defense authorization request.

Our subject today is the Defense Department's environmental restoration and compliance program. The past several years have seen a significant increase in the activity of the Federal Government in the area of environmental compliance and concern.

Just this past October, Secretary Cheney issued a memorandum for the military departments on environmental management policy. In his memo, Secretary Cheney directed DOD to be the Federal leader in agency environmental compliance and programs, and directed every command to be an environmental standard by which

Federal agencies are judged. I applaud the Secretary's actions in placing the environment among the Department's top priorities.

DOD must now ensure that there is adequate planning and funding to carry out the important programs of compliance and restoration. In fiscal year 1990, DOD will be spending over \$1 billion to clean up hazardous waste at current and former sites and to bring operating sites into conformance with the various environmental laws. Next fiscal year, that amount will increase to almost \$2 billion.

The total cost for clean-up activities alone has been estimated to be as high as \$15 billion over the next 15 to 20 years, but the Department of Defense must also take an active role at the front end of the waste management cycle and reduce or eliminate wherever possible the amount of hazardous as well as nonhazardous waste generated by DOD activities.

The subcommittee looks forward to receiving a report on the Department's progress and activities in cleaning up hazardous waste sites, in bringing DOD activities into compliance with environmental laws, and on its continued efforts to reduce hazardous waste production now and in the future.

Mr. Dave Berteau, Principal Deputy assistant Secretary of Defense for Production and Logistics, is our principal witness this morning. He is accompanied by Mr. Lewis D. Walker, the Deputy Assistant Secretary of the Army, Environment, Safety & Occupational Health, Ms. Jacqueline Schafer, Assistant Secretary of the Navy, Installations & Environment, Mr. Gary Vest, Deputy Assistant Secretary of the Air Force, Environment, Safety & Occupational Health.

We welcome all of you, of course, to the subcommittee this morning. We have had the opportunity to review your prepared statements, and these statements will of course be entered in the record in full.

I understand that Mr. Berteau will give an opening statement for the whole panel. Is that the way you intend to proceed? Mr. Berteau, we would appreciate your limiting your opening remarks to 15 minutes, if you can, to allow the subcommittee more time for questions and discussions.

May I say that he will arrive shortly, and when he does, probably after Mr. Berteau's remarks, I will recognize the distinguished ranking minority member of the subcommittee, Senator Gorton, for any comments he might make, then we will have a round of questioning. By that time I am satisfied a number of Senators will have arrived. Many were here late last night while we closed out the Clean Air Act, which will increase your costs, I am sure.

[Prepared statement of Senator Slade Gorton follows:]

PREPARED STATEMENT OF SENATOR SLADE GORTON

Thank you Senator Dixon.

I too would like to welcome the witnesses to this hearing today on the Department of Defense environmental policies and funding requested in the fiscal year 1991 budget.

We have reached a period of time where the DOD programs are transitioning from emphasis on study and review to emphasis on correction and cleanup. Correction and cleanup will be much more expensive than studies. This transition comes at a time when defense budgets are decreasing. However, in fiscal year 1991, the

DOD has recommended increased funding for environmental programs and a continuation of the policy of taking actions using the "worst first" priority.

We need to evaluate these recommended funding and priority policies to ensure the Department complies with environmental law and meet its social responsibilities. The DOD must still accomplish its primary mission—national security. Careful analysis must make tradeoffs with military capability needs.

The cleanup of facilities selected for closure is an issue that requires immediate attention. The source of funds to be used remains an unresolved issue. First, it was to come from disposal of facilities; then it was to come from the base closure revolving management account; and now the statements for the record indicate this is still an open issue. If this issue cannot be resolved quickly, the sincerity of future recommendations for closure will be the subject of a great deal of doubt. I hope we will address this issue today.

Overseas compliance appears to be more of an issue of location than consistency. DOD is asking for standard compliance requirements in the United States, but not overseas. It would appear that we could have a consistent policy overseas also. This lack of united policy will very likely lead to the Congress directing the National Environmental Policy Act (NEPA) to be used as an international standard. If Mr. Berteau's statement is correct as to the potential large expense of applying U.S. standards overseas and with the increased likelihood of overseas reductions in the near term, someone should be trying to resolve this issue.

Senator DIXON. Mr. Berteau, you may proceed.

STATEMENT OF DAVID J. BERTEAU, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS), ACCOMPANIED BY JACQUELINE SCHAFER, ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT), LEWIS D. WALKER, DEPUTY ASSISTANT SECRETARY OF THE ARMY (ENVIRONMENT, SAFETY & OCCUPATIONAL HEALTH), AND GARY VEST, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (ENVIRONMENT, SAFETY & OCCUPATIONAL HEALTH)

Mr. BERTEAU. Thank you, Mr. Chairman.

Senator DIXON. You can tell this senator voted no, can you not?

Mr. BERTEAU. I did check the paper this morning to determine that one.

We all appreciate the opportunity to appear before you today. We feel in DOD we have been making a lot of progress today on environmental issues. We have been moving forward rapidly on environmental clean-up, and you mentioned that we have in the fiscal year 1991 budget over \$800 million for that effort as well as on actions to bring us into compliance with current laws and regulations, and we have over \$900 million in the fiscal year 1991 budget for those compliance efforts.

We are continuously refining and improving our ways of identifying the requirements, and we are really stressing the need to build into the budget process the funding to meet those requirements so that we tackle the problems in advance before funding has to be found somewhere else.

We are fundamentally changing the way we address environmental issues, and our successes are really the result of years of effort on the part of many in DOD, including some of those who are sitting at the table with me here, and we hope to be able to cover a lot of those efforts today.

My statement, as you mentioned, is fairly lengthy. It covers five issues. I certainly should be able to make your 15 minutes easily. I will only cover a few high points in my oral statement, and then we will go on to your questions. I will touch on the Defense Envi-

ronmental Restoration Program, the compliance efforts, my written statement goes extensively into the impacts of base closures on environmental issues—I will only touch on those very lightly—on overseas environmental issues, and I will be subject to your questions on that, and on our budgeting for our current compliance and future compliance needs.

The Defense Environmental Restoration Account, which is a separate account set up by law which we then disburse to the services, was really designed for our major problems. It is, in effect, DOD's Superfund program, and it is designed to correct past problems of sufficient magnitude as to require that.

We follow the Superfund process of preliminary assessments, on-site inspections and remedial investigations and then remedial design and remedial action. We have been underway on that for some time now. We have actually completed our preliminary assessments on almost all of our 14,000 sites in the program, so we are moving well into the investigation phase and are beginning the remedial action phase.

We actually have projects for study, design or clean-up underway at about 4,500 sites at over 350 installations. As you well know, that is a lengthy process and you have to get people to sign up—the State and the EPA and so on—before you actually start implementing the remedial actions.

So you must have a significant up-front study and design process, then have all parties reach agreement, to actually start implementing. We are well down that road. In another 3 to 4 years we will be at the top of the hill in terms of the amount we are spending on the actual clean-up actions themselves, so we are getting very close to that.

We do a pretty good job compared to our competitors in that regard, or those who you would compare us with—the Superfund, et cetera—in terms of both the speed with which we do the studies and the degree to which we can actually obligate and get some clean-up for our money.

We have \$600 million in the fiscal year 1990 budget, which is an increase of some \$83 million over the previous year. We have a request in for \$817 million in fiscal year 1991 budget, which is a real growth of 31 percent over fiscal year 1990. That was a difficult budget decision, but the Secretary of Defense supported that, and we feel that the 31 percent increase appears at this time to be adequate.

With respect to the base closures, I will just basically say that we are fully committed to cleaning up the bases that we are closing. In fiscal year 1991, all the environmental clean-up costs will be funded either from the Defense Environmental Restoration Account or from the service's O&M accounts.

We are basically following the policy with the bases that are closing that they have to be eligible for environmental restoration funds similar to everybody else. In other words, we have a policy that says the worst get taken care of first. The fact that you are closing does not necessarily move you up on the list, unless the problem is of sufficient magnitude and urgency to warrant that.

Our studies are not complete yet. We are currently estimating about \$500 million for total environmental clean-up costs at bases

to be closed through 1995. There will obviously be more costs than that, as we finish the studies and identify cleanup requirements. About \$150 million of that will be eligible for environmental restoration funding.

I mentioned that we have \$780 million in fiscal year 1990 for compliance. Our request for fiscal year 1991 is \$915 million. The services will be happy to go into detail as to what they are spending that money on and will spend that money on in the future. We are doing a tremendously improved job in terms of both identifying the requirements, getting them into the budget, and then being able to track where that money goes, which as you are well aware is not always easy with O&M expenditures. We feel that we have some good mechanisms in place both to manage and to track those expenditures.

Let me touch on a couple of the things, if I may, that are not mentioned in my written statement, but that are indicative of the way in which we are approaching the issues that face us today.

Under the Montreal Protocol we face with CFCs and Halons a reduction by the end of the century of production, and so DOD faces the need to begin to figure out how we are going to live and operate and be able to accomplish our missions and functions without being able to rely upon producers to provide us with these.

We have taken a number of significant steps in that regard already. With Halons, for example, we chair a group with industry, looking at what kinds of alternatives are out there. We are actually funding some research to be able to develop alternatives, and we look forward to doing the same elsewhere.

We have also taken a hard look at immediate steps we can take in terms of conservation of use, so that whereas in the past in training, for example, we might be using the actual fire fighting equipment that would emit the Halons into the atmosphere, we now find ways in which we can have essentially just as realistic and effective training without necessarily as much use or emission of the substances. So we are taking a hard look at those practices. We feel we can make some substantial reductions in terms of the use, just by taking advantage of the opportunities that are there for conservation.

I think that these kinds of actions indicate not only the Secretary's commitment, but in fact the whole Department's commitment, to really proving the belief that we should be the Federal leader in agency environmental compliance and in environmental protection.

We have a number of actions underway which will essentially set our long-range goals and give us an approach to be able to meet those goals. In the meantime, we have very good ability to identify what our problems are. We feel we know where most of the significant problems are. We are already studying; we are developing the remedial actions; and, in a lot of cases, are very close, or have already started to implement those remedial actions.

We think that in sum we are working to create a very strong environmental ethic throughout the Department. It is fair to say that the military leaders have come to the conclusion that in order for them to be able to accomplish their missions and perform their functions necessary to do that, they have to have an approach to

the environment that is fundamentally and foremost an aggressive and a very strong one. Otherwise, we will not be able to accomplish the mission that we need to, and I know that is of particular interest to this committee.

We are striving, with respect to environmental laws, not only to fully comply with the law, but in fact, in addition to compliance to take advantage of every opportunity to improve and enhance our environmental situation. We are making accountability for compliance clear to our people at every installation, and we are working to ensure that in fact they have the resources, both in terms of the people and in terms of the dollars, in order to make compliance happen.

Mr. Chairman, we think we are working hard to meet our environmental obligations, both Stateside and overseas. The rules are changing rapidly. You mentioned the bill that was passed yesterday. I might point out that we have been watching that very closely. We know that it will have an impact on us. Really, until you get a little further down the road with respect to the specific regulations and standards at specific sites and States, you can only estimate a range of what the impact will be. We feel that it is going to be manageable and we will be able to deal with that and budget for it.

We are clearly identifying our requirements. We are budgeting the funds to meet those requirements. We are executing that budget. Our challenge will be to continue doing that with a declining defense budget and increasing environmental costs, and the Secretary of Defense and the military Departments are clearly committed to that. To do otherwise would directly impact our ability to meet our national security commitments.

Again, thank you for the opportunity to testify today. We certainly stand ready to answer your questions, and I think I have 7½ minutes, so I cut it in half.

[The prepared statements of Mr. Berteau, Ms. Schafer, Mr. Walker and Mr. Vest follow:]

Statement of
David J. Berteau
Principal Deputy Assistant Secretary of Defense
(Production and Logistics)

MR. CHAIRMAN.

I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE YOUR SUBCOMMITTEE ON ENVIRONMENTAL ISSUES AFFECTING THE DEPARTMENT OF DEFENSE (DOD).

I AM ACCOMPANIED TODAY BY MR. RUSSEL MILNES, PRINCIPAL DEPUTY TO THE DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR ENVIRONMENT; MR. LEWIS D. WALKER, DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR ENVIRONMENT, SAFETY AND OCCUPATIONAL HEALTH; MR. GARY VEST, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE FOR ENVIRONMENT, SAFETY AND OCCUPATIONAL HEALTH; MS. JACQUELINE SCHAFER, ASSISTANT SECRETARY OF THE NAVY FOR INSTALLATIONS AND ENVIRONMENT; AND COLONEL WILLIAM ANDREWS, STAFF DIRECTOR, OFFICE OF INSTALLATIONS AND ENVIRONMENTAL PROTECTION, DEFENSE LOGISTICS AGENCY.

I WOULD LIKE TO DISCUSS FIVE ISSUES WITH YOU TODAY:

- IMPLICATIONS FOR THE DEFENSE ENVIRONMENTAL RESTORATION PROGRAM (DERP) AS IT MOVES FROM PRIMARILY A STUDY PHASE TO EXECUTION;
- IMPACTS OF BASE CLOSURES ON DERP CLEANUPS;
- IDENTIFYING AND BUDGETING FOR CURRENT AND FUTURE COMPLIANCE NEEDS;
- OVERSEAS ENVIRONMENTAL ISSUES AFFECTING DOD; AND
- IMPLEMENTATION OF SECRETARY CHENEY'S ENVIRONMENTAL POLICY.
- IMPLEMENTATION OF SECRETARY CHENEY'S ENVIRONMENTAL POLICY.

DEFENSE ENVIRONMENTAL RESTORATION PROGRAM

I BELIEVE THAT DOD IS LEADING THE WAY AMONG FEDERAL FACILITIES IN THE EVALUATION AND CLEANUP OF ITS FACILITIES.

AT THE END OF FISCAL YEAR 1989, PRELIMINARY ASSESSMENTS AND SITE INSPECTIONS (PA/SIs) HAD BEEN COMPLETED AT 83 OF THE 87 DOD INSTALLATIONS LISTED AND PROPOSED FOR LISTING ON THE NATIONAL PRIORITIES LIST (NPL). REMEDIAL INVESTIGATIONS AND FEASIBILITY STUDIES (RI/FSS) ACTIVITIES WERE UNDERWAY AT 76. IN TOTAL, WE HAVE OVER 14,000 SITES IN THE IRP. AT THE END OF THE LAST FISCAL YEAR, STUDY, DESIGN OR CLEAN UP PROJECTS WERE ONGOING AT ALMOST 4,500 OF THESE SITES.

I WOULD NOW LIKE TO ADDRESS FUNDING. THE DEFENSE ENVIRONMENTAL RESTORATION ACCOUNT (DERA), WAS ESTABLISHED BY LAW AS A TRANSFER ACCOUNT IN DOD FOR THE ENVIRONMENTAL RESTORATION, DEFENSE APPROPRIATION. FUNDS TRANSFERRED ARE MERGED WITH AND AVAILABLE FOR THE SAME PURPOSES AND TIME FRAME AS THE ACCOUNT OR FUND TO WHICH THEY ARE TRANSFERRED.

THE FY 1990 ENVIRONMENTAL RESTORATION, DEFENSE (ER,D) APPROPRIATION OF \$601.1 MILLION INCLUDES AN INCREASE OF \$83 MILLION. THE CONGRESS VOICED CONCERN OVER THE DEPARTMENT'S RESOURCING ESTIMATES, AND THUS ESTABLISHED ADDITIONAL REPORTING REQUIREMENTS.

DOD IS ALSO CONSIDERING REPROGRAMMING \$145.5 MILLION TO ADDRESS EMERGING ENVIRONMENTAL REQUIREMENTS FOR THE DERP NOT ADEQUATELY ADDRESSED BY THE FY 1990 APPROPRIATION. \$105.9 MILLION WOULD BE TARGETED TOWARD COMPLIANCE OBLIGATIONS AND \$39.6 MILLION FOR WASTE MINIMIZATION AND RESEARCH AND DEVELOPMENT (R&D).

THE FY 1991 BUDGET REQUEST FOR ENVIRONMENTAL RESTORATION IS \$817 MILLION WHICH PROVIDES FOR A REAL GROWTH INCREASE OF 31% OVER THE FY 1990 APPROPRIATION. IN AN ERA OF OVERALL DECLINING DEFENSE BUDGETS A 31% INCREASE APPEARS TO BE ADEQUATE. HOWEVER, AS DOD PROGRESSES INTO THE MORE COSTLY PHASE OF REMEDIAL DESIGN/REMEDIAL ACTION AND OUT OF THE INVESTIGATION PHASE, WE EXPECT LARGE GROWTH IN REQUIREMENTS. THE BUDGET OF \$817 MILLION IS A REALISTIC ESTIMATE OF WHAT WE COULD EXECUTE. IF AN ADJUSTMENT IS REQUIRED TO COMPLY WITH THE LAW, A REPROGRAMMING WITHIN THE DEPARTMENT MAY BE NECESSARY. NEW STATUTES AND REGULATIONS, STRINGENT STANDARDS, AND IMPROVED KNOWLEDGE OF HEALTH EFFECTS MAY ALSO IMPACT FUTURE COSTS.

IMPACTS OF BASE CLOSURES ON DERP CLEANUPS

THE DEPARTMENT IS FULLY COMMITTED TO THE CLEANUP OF EACH CLOSING INSTALLATION. ALL ENVIRONMENTAL CLEANUP COSTS WILL BE FUNDED FROM EITHER THE DEFENSE ENVIRONMENTAL RESTORATION ACCOUNT (DERA) OR THE MILITARY DEPARTMENT'S OPERATION AND MAINTENANCE APPROPRIATIONS. WE WILL CONTINUE TO FOLLOW THE WORST-FIRST POLICY FOR USE OF THE DERA ACCOUNT. WHILE STUDIES ARE NOT COMPLETE, WE ARE ESTIMATING ABOUT \$500 MILLION IN TOTAL ENVIRONMENTAL CLEAN UP COSTS THROUGH FY 95, OF WHICH ABOUT \$150 MILLION WILL BE ELIGIBLE FOR DERA FUNDING.

IDENTIFYING AND BUDGETING FOR CURRENT AND FUTURE COMPLIANCE NEEDS

IT IS DOD POLICY THAT WE COMPLY WITH ALL FEDERAL AND STATE LAWS AND REGULATIONS. WE ARE FULLY COMMITTED TO THIS POLICY.

WE ARE CONTINUING TO IMPROVE AND EXPAND OUR EFFORTS AND STRENGTHEN MANAGEMENT CAPABILITIES FOR TRACKING PROGRAM PROGRESS. SOME OF THE INITIATIVES FOR INCREASED OVERSIGHT INCLUDE

ENHANCEMENTS TO THE DEFENSE ENVIRONMENTAL RESTORATION PROGRAM MANAGEMENT INFORMATION SYSTEM, DEFENSE ENVIRONMENTAL STATUS REPORT, IMPLEMENTATION OF THE DEFENSE PRIORITY MODEL, AND SUBSTANTIAL EMPHASIS ON BOTH RESTORATION AND COMPLIANCE. IN ADDITION, WE HAVE DEVELOPED A STRATEGY THAT PROVIDES FOR ACTIVE PARTICIPATION IN THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS). THIS WILL INCREASE THE FOCUS ON ENVIRONMENTAL ISSUES AT EACH STEP AND PROVIDE GREATEST VISIBILITY DURING KEY DECISION-MAKING RELATING TO RESOURCES AND MANPOWER.

THE DOD "ENVIRONMENTAL CORRECTIVE ACTION PLAN", WHICH IS COMMONLY REFERRED TO AS THE "A-106," IS COLLECTED BY THE ENVIRONMENTAL PROTECTION AGENCY (EPA) UNDER THE AUTHORITY OF THE OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-106. THE A-106 IS CURRENTLY OUR PRIMARY MEANS TO ENSURE THAT WE ARE IDENTIFYING AND REPORTING ALL POLLUTION ABATEMENT PROJECTS WHICH ARE NECESSARY FOR US TO MEET OUR COMPLIANCE AND REMAIN IN COMPLIANCE WITH ALL ENVIRONMENTAL REGULATIONS. WE ARE ACTIVELY WORKING WITH EPA TO REVISE THE A-106 REPORTING FORMAT AND PROCESS AS WELL AS IMPROVE THE QUALITY OF OUR DATA SUBMITTALS TO ENSURE THAT THE A-106 REPORT TO OMB ACCURATELY REFLECTS OUR FINANCIAL OBLIGATIONS FOR COMPLIANCE.

FOR FY 1990, CONGRESS APPROPRIATED AN ADDITIONAL \$184.5 MILLION TO ADDRESS ENVIRONMENTAL REQUIREMENTS. \$100 MILLION WILL FUND ACTIVITIES TO COMPLY WITH EXISTING STANDARDS FOR THE ARMY; \$34.5 MILLION FOR NAVY COMPLIANCE PROJECTS WHICH INCLUDE UNDERGROUND STORAGE TANKS, HAZARDOUS/TOXIC WASTES, OILY WASTES, WATER/WASTEWATER; AND \$50 MILLION WILL FUND AIR FORCE ENVIRONMENTAL COMPLIANCE PROJECTS WHICH INCLUDE UNDERGROUND STORAGE TANK LEAK TESTING AND UPGRADE, REPLACEMENT OF OUTDATED LIVE FIRE TRAINING FACILITIES, CORRECTION OF OUTSTANDING AIR AND WASTEWATER NOTICES OF VIOLATION, UPDATING OF NUMEROUS MANAGEMENT AND SPILL PLANS, AND SOME LONG TERM MONITORING.

FY 1991 BUDGET ESTIMATES CONTAINED IN VARIOUS DOD APPROPRIATIONS FOR OTHER ENVIRONMENTAL COMPLIANCE REQUIREMENTS (NON-DERA) TOTAL \$915 MILLION, AN INCREASE OF \$135 MILLION OVER THE FY 1990 LEVEL.

THESE INITIATIVES DEMONSTRATE A CONTINUED STRONG COMMITMENT TO ENVIRONMENTAL ISSUES, DRIVEN BY THE DESIRE TO BE "GOOD NEIGHBORS" TO THE COMMUNITIES SURROUNDING OUR INSTALLATIONS.

OVERSEAS ENVIRONMENTAL ISSUES

ENVIRONMENTAL MANAGEMENT OVERSEAS IS TECHNICALLY COMPLEX AND POLITICALLY SENSITIVE. IN ORDER FOR OUR EFFORTS TO BE EFFECTIVE, WE MUST ENSURE THAT OUR APPROACH IS BOTH CLEAR AND CONSISTENT WORLDWIDE, WHILE ADAPTING TO THE UNIQUE CIRCUMSTANCES EXISTING WITHIN EACH COUNTRY WHERE U.S. FORCES ARE STATIONED. THIS MANDATES A COUNTRY BY COUNTRY PROGRAM. ATTEMPTS TO SIMPLY APPLY U.S. ENVIRONMENTAL STANDARDS TO OUR OVERSEAS BASES WOULD BE COUNTERPRODUCTIVE AND COSTLY, AND POSSIBLY CONTRADICT LOCAL LAWS.

CURRENT DOD POLICY

CURRENT DOD POLICY FOR ITS ENVIRONMENTAL OPERATIONS OVERSEAS IS FOUND IN DOD DIRECTIVE S100.50. "PROTECTION AND ENHANCEMENT OF ENVIRONMENTAL QUALITY," WHICH REQUIRES "COMPONENTS AT LOCATIONS OUTSIDE THE UNITED STATES TO CONFORM TO THE ENVIRONMENTAL QUALITY STANDARDS OF THE HOST COUNTRY AND THE PROVISIONS OF APPLICABLE INTERNATIONAL AGREEMENTS."

OUR POLICY ALSO REQUIRES THAT PROVISIONS RELEVANT TO ENVIRONMENTAL MATTERS CONTAINED IN APPLICABLE INTERNATIONAL AGREEMENTS BE APPLIED. ALTHOUGH MOST OF THE MAJOR BASING ACCESS AGREEMENTS AND STATUS OF FORCES AGREEMENTS (SOFAS) DO NOT ADDRESS

ENVIRONMENTAL MATTERS IN SPECIFIC DETAIL, THESE AGREEMENTS CONTAIN PROVISIONS THAT ARE RELEVANT TO ENVIRONMENTAL ISSUES, SUCH AS PROVISIONS ON USE OF FACILITIES, OPERATING RIGHTS, PROPERTY DISPOSAL, HOST NATION SUPPORT, RESPONSIBILITY FOR PARTICULAR COSTS, AND RESPECT FOR LOCAL LAW, TO THE EXTENT PERMITTED BY THE APPLICABLE SOFA, U.S. FORCES GENERALLY APPLY COMPATIBLE U.S. ENVIRONMENTAL STANDARDS. U.S. FORCES ALSO EXAMINE HOST COUNTRY STANDARDS, AND OBSERVE THEM WHEN SUCH STANDARDS ARE COMPATIBLE WITH U.S. EQUIPMENT AND OPERATIONS AND ARE CONSISTENT WITH THE APPLICABLE SOFA. THE GOAL OF SAFEGUARDING THE HEALTH AND SAFETY OF ALL U.S. DOD EMPLOYEES AND PROTECTION OF THE ENVIRONMENT HAS ALWAYS BEEN UPPERMOST IN OUR ENVIRONMENTAL MANAGEMENT STRATEGY. HOWEVER, WITH RECENT POLITICAL EVENTS, PARTICULARLY IN EUROPE, COUPLED WITH THE RISING TIDE OF ENVIRONMENTAL CONSCIOUSNESS WORLDWIDE, THE DEPARTMENT BEGAN LAST FALL TO REVIEW ITS OVERSEAS ENVIRONMENTAL POLICY.

AS A RESULT OF THAT REVIEW, WE DETERMINED THAT THERE WERE A NUMBER OF PROBLEMS WITH EXISTING POLICY, PARTICULARLY WITH REGARD TO PROVIDING THE ORGANIZATIONAL FRAMEWORK NECESSARY TO ACHIEVE UNIFORMITY AND CONSISTENCY IN DEALING WITH ENVIRONMENTAL PROBLEMS OVERSEAS AND WITH THE ESTABLISHMENT OF CLEAR LINES OF AUTHORITY TO IMPLEMENT THE POLICY.

WE ARE NOW PREPARING NEW DEPARTMENTAL POLICY WHICH WILL CLARIFY THESE MATTERS. OUR PLANS CALL FOR ISSUING THIS POLICY IN MAY, AND INSTITUTIONALIZING IT IN A FORMAL DEPARTMENT DIRECTIVE LATER THIS YEAR.

THE PRIMARY GOAL OF OUR NEW POLICY IS TO ESTABLISH A CLEAR AND ACCOUNTABLE PROCESS WHICH WILL RESULT IN THE DETERMINATION OF NATION-SPECIFIC ENVIRONMENTAL REQUIREMENTS OUR FORCES AND INSTALLATIONS MUST ADHERE TO. THIS PROCESS WILL CONSIDER U.S.

AND HOST NATION ENVIRONMENTAL REQUIREMENTS. I WANT TO EMPHASIZE THAT APPLYING ALL CURRENT U.S. ENVIRONMENTAL LAWS AND REGULATIONS TO OUR OVERSEAS INSTALLATIONS IS NOT FEASIBLE OR DESIRABLE.

IMPACT ON DOD OPERATIONS AND FUNDING

THE ESCALATING COST OF MEETING ENVIRONMENTAL RESPONSIBILITIES WILL INCREASINGLY IMPACT THE DEPARTMENT'S OPERATIONS OVERSEAS. THE DEFENSE ENVIRONMENTAL RESTORATION ACCOUNT DOES NOT APPLY OVERSEAS. CONSEQUENTLY, THE SERVICES MUST DEDICATE SUBSTANTIAL RESOURCES, SUCH AS O&M FUNDING TO ADDRESS HAZARDOUS AND TOXIC WASTE CLEANUP REQUIREMENTS FROM PAST ACTIVITIES. MANAGEMENT OF CURRENT ACTIVITIES WILL ALSO COST MORE AS HOST NATION EXPECTATIONS RISE.

WE DO NOT BELIEVE IT IS APPROPRIATE THAT THE U.S. SHOULD ACCEPT TOTAL RESPONSIBILITY FOR ALL ENVIRONMENTAL IMPACTS. IT IS IMPORTANT TO RECOGNIZE THAT ALLIED HOST NATIONS SHARE RESPONSIBILITY WITH THE U.S. UNDER A BURDEN-SHARING CONCEPT FOR THE ACTIVITIES OF U.S. FORCES' IN THEIR TERRITORY. EACH ENVIRONMENTAL PROBLEM NEEDS TO BE CAREFULLY ASSESSED, BASED ON THE PARTICULAR CIRCUMSTANCES APPLICABLE IN EACH HOST NATION, WITH A VIEW TOWARDS POSSIBLE HOST NATION PARTICIPATION OR CONTRIBUTION TO COST IN WHOLE OR IN PART.

BASE CLOSURE/FORCE WITHDRAWALS AND REALIGNMENTS

SINCE WE ARE MOVING TO REDUCE FORCE LEVELS AND RETURN OVERSEAS INSTALLATIONS TO HOST GOVERNMENTS, WE WOULD LIKE TO BRIEFLY DISCUSS AN APPROACH TO ENVIRONMENTAL ISSUES AT THE AFFECTED INSTALLATIONS.

FORCE STRUCTURE REALIGNMENTS AND CLOSURE ACTIONS OVERSEAS

WILL REQUIRE, WHERE APPROPRIATE, PREPARATION OF ENVIRONMENTAL PLANNING DOCUMENTS OR REVIEWS PURSUANT TO E.O. 12114. OUR FIRST CONSIDERATION WILL BE TO PROTECT PEOPLE'S HEALTH AND SAFETY. WE ARE LEGALLY (THROUGH POLICY AND INTERNATIONAL AGREEMENTS) AND MORALLY (AS STEWARDS OF OUR HOST'S LANDS) OBLIGATED TO CLEAN UP ANY POLLUTION CAUSED BY OUR OPERATIONS THAT IS IMMEDIATELY THREATENING TO HEALTH OR SAFETY. BEYOND THIS, MOST AGREEMENTS GENERALLY REFER TO LEAVING INSTALLATIONS IN "SERVICEABLE CONDITION."

THE DETERMINATION OF WHETHER THE U.S. IS RESPONSIBLE FOR THE POLLUTION IS AN EXTRAORDINARILY DIFFICULT TASK. MOST OF THE BASES WHERE WE OPERATE WERE IN USE BEFORE WE OCCUPIED THEM AND MANY OF THEM HAVE SUPPORTED THE HOST'S AS WELL AS OTHER NATION'S OPERATIONS. ANY REQUIRED ENVIRONMENTAL CLEANUP MAY THEREFORE BE ENTIRELY OR PARTIALLY A HOST NATION RESPONSIBILITY. THESE ISSUES WILL BE NEGOTIATED ON A CASE-BY-CASE BASIS WITH THE HOST GOVERNMENT.

THE ENVIRONMENTAL PLANNING ASSOCIATED WITH WITHDRAWAL OR REALIGNMENT OF FORCES MUST ALSO ENSURE THAT OUR IMPLEMENTATION ACTIONS ARE CONDUCTED IN AN ENVIRONMENTALLY SOUND MANNER. WE DON'T WANT TO CREATE ENVIRONMENTAL PROBLEMS BY HASTY, POORLY PLANNED RELOCATIONS. REALIGNMENT AND WITHDRAWAL SCHEDULES WILL BE DRIVEN BY AGREEMENTS AND COULD BE ON A FAST PACE IN THE FUTURE, BUT WE ARE COMMITTED TO MEETING WHATEVER ENVIRONMENTAL RESPONSIBILITIES WE MAY HAVE IN A TIMELY AND COMPREHENSIVE MANNER.

HAZARDOUS WASTE RETROGRADES/IN COUNTRY DISPOSAL

SALE OF EXCESS U.S. GOVERNMENT PROPERTY AT ALL DEFENSE REUTILIZATION AND MARKETING OFFICE LOCATIONS OVERSEAS IS DONE IN

ACCORDANCE WITH APPLICABLE SOFAS. IN MANY COUNTRIES THIS IS AN ISSUE OF DISPOSAL OF TAX FREE GOODS. THE CONTROLS IN THE SOFAS ARE FAR RANGING. FOR EXAMPLE, IN TURKEY ONLY SCRAP AND USED OILS ARE SOLD TO THE TURKISH GOVERNMENT CONTRACTOR; ALL OTHER SALES ARE LIMITED TO U.S. EMPLOYEES. IN GERMANY, THE SOFA ALLOWS FOR FREE AND OPEN COMPETITION. IN AUSTRALIA AND ICELAND, THE HOST GOVERNMENT HAS FIRST RIGHT OF PURCHASE.

WHEN IT BECOMES NECESSARY TO ULTIMATELY DISPOSE OF HAZARDOUS WASTE, A DECISION IS MADE TO DISPOSE IN COUNTRY OR TO RETROGRADE. IN COUNTRIES WHERE THE APPLICABLE SOFA AND ENVIRONMENTAL LAWS DO NOT PERMIT DISPOSAL LOCALLY OF HAZARDOUS MATERIAL AND HAZARDOUS WASTE, IT IS RETURNED TO THE UNITED STATES, OR SENT TO A THIRD COUNTRY FOR ULTIMATE DISPOSAL. I SHOULD POINT OUT ALSO THAT THE DISPOSAL REGULATIONS IN OTHER COUNTRIES ARE CHANGING AS QUICKLY AS THE REGULATIONS IN THE U.S.

THERE ARE ALSO ADDITIONAL OUTSIDE ACTIONS THAT IMPACT UPON OVERSEAS DISPOSAL. THE EUROPEAN COMMUNITY IS DEVELOPING INCREASED REQUIREMENTS FOR HAZARDOUS WASTE SHIPMENT AND DISPOSAL FOR MEMBER NATIONS. WE ANTICIPATE THAT THE IMPACT ON DISPOSAL MAY BE MINIMAL; HOWEVER, THE IMPACT ON ITEMS BEING SHIPPED INTO THE EUROPEAN COMMUNITY WILL BE GREATER. SHIPMENTS OF DOD HAZARDOUS WASTE FROM NON-EUROPEAN ECONOMIC COMMUNITY COUNTRIES MAY HAVE TO BE DISCONTINUED.

IN ADDITION, CONGRESS HAS PROPOSED SEVERAL VERSIONS OF THE WASTE EXPORT CONTROL ACT WHICH WILL AFFECT EXPORTS OF ALL SOLID AND HAZARDOUS WASTE. THESE VERSIONS PROHIBIT THE EXPORT OF WASTES FOR DISPOSAL UNLESS THE U.S. HAS A BILATERAL AGREEMENT WITH THE RECEIVING COUNTRY. TO DATE, THE ONLY SUCH AGREEMENT IS WITH CANADA. THE POTENTIAL IMPACT ON DOD MAY BE THAT ALL SOLID WASTES, INCLUDING TRASH, REFUSE, AND HAZARDOUS WASTE MAY HAVE TO

BE RETROGRADED TO THE U.S. FOR DISPOSAL.

IN SHORT, THE DEPARTMENT WANTS TO ENSURE THAT BOTH OUR LONG-TERM INTERESTS AND THE ENVIRONMENT ARE CONSIDERED...AND PROTECTED. WE WILL CONDUCT OUR OVERSEAS NEGOTIATIONS AND FORCE WITHDRAWALS WITH OUR "ENVIRONMENTAL EYES" OPEN.

DOD ENVIRONMENTAL POLICY

LAST OCTOBER, SECRETARY OF DEFENSE DICK CHENEY DECLARED HIS

GOAL FOR DOD'S ENVIRONMENTAL MANAGEMENT POLICY:

"TO BE THE FEDERAL LEADER IN AGENCY ENVIRONMENTAL COMPLIANCE AND PROTECTION."

SEVERAL CONCURRENT ACTIONS ARE UNDERWAY TO IMPLEMENT THIS POLICY. IN JUNE, WE WILL BE SPONSORING A MAJOR FORUM OF HIGH LEVEL FEDERAL AND STATE GOVERNMENTAL OFFICIALS, INDUSTRY REPRESENTATIVES AND ENVIRONMENTAL INTEREST GROUPS TO DISCUSS THE INTERRELATIONSHIPS BETWEEN DEFENSE AND THE ENVIRONMENT WHICH WE EXPECT WILL LEAD TO A CONTINUING DIALOGUE AMONG THE PARTIES. A COMPREHENSIVE STUDY OF OUR LONG-RANGE ENVIRONMENTAL CHALLENGES AND GOALS IS BEING INITIATED. DOD IS ALSO PARTICIPATING IN WORKING GROUP SESSIONS IN PREPARATION FOR UPCOMING RENEGOTIATION OF THE MONTREAL PROTOCOL AND IS ACTIVELY SUPPORTING RESEARCH TO FIND ALTERNATIVES TO THE USE OF CHLOROFLUOROCARBONS (CFCs) AND HALONS.

A COMMON THREAD THROUGH ALL OUR EFFORTS IS THE INTENT TO "MAINSTREAM" ENVIRONMENTAL CONSIDERATION'S INTO OUR DECISION-MAKING PROCESSES ACROSS ALL MISSION AREAS. ATTENTION IS

BEING FOCUSED ON THE FOLLOWING ITEMS TO STRENGTHEN OUR ENVIRONMENTAL LEADERSHIP:

- O WE ARE WORKING TO CREATE AN ENVIRONMENTAL ETHIC THROUGHOUT THE DEPARTMENT;
- O WE ARE STRIVING TO GO BEYOND COMPLIANCE WITH ENVIRONMENTAL LAWS AND ARE MAKING ACCOUNTABILITY FOR COMPLIANCE CLEAR TO OUR PEOPLE;
- O WE ARE WORKING TO ENSURE THAT CORRECT NUMBERS OF WELL-TRAINED AND MOTIVATED PEOPLE ARE WORKING OUR ENVIRONMENTAL ISSUES; AND, FINALLY,
- O WE ARE ENDEAVORING TO BUDGET APPROPRIATE RESOURCES FOR THE ENVIRONMENT AND TAKING CARE TO SPEND OUR MONEY WHERE IT WILL DO THE MOST GOOD.

SUMMARY

MR. CHAIRMAN, IN CONCLUSION, WE ARE WORKING HARD TO MEET OUR ENVIRONMENTAL OBLIGATIONS STATESIDE AND OVERSEAS. HOWEVER, THE RULES ARE CHANGING RAPIDLY. TO MEET THIS CHALLENGE, WE ARE FOCUSING ATTENTION ON DEVELOPING IMPLEMENTABLE AND SOUND ENVIRONMENTAL POLICY. TO DO OTHERWISE COULD DIRECTLY IMPACT OUR CONTINUED ABILITY TO MEET OUR NATIONAL SECURITY COMMITMENTS.

OUR TOUGHEST CHALLENGE WILL BE BALANCING A DECLINING DEFENSE BUDGET WITH INCREASING ENVIRONMENTAL COSTS.

AGAIN, THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY. I WILL ANSWER ANY QUESTIONS YOU MAY HAVE.

STATEMENT OF
THE HONORABLE JACQUELINE E. SCHAFER
ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)

Mr. Chairman and distinguished members of the Committee; it is my pleasure to appear before you today to discuss the President's FY 1991 Budget for the Defense Environmental Restoration Account (DERA) and the Navy's environmental compliance activities.

This hearing is my first opportunity to appear before this committee as Assistant Secretary of the Navy (Installations and Environment). My background and interest in environmental matters is known to several on this Committee and I emphasize, Mr. Chairman, that I will work diligently to ensure that Navy stewardship of the environment is unsurpassed.

Navy Environmental Program

Although I am new to this position, I have had the opportunity to study the Department of the Navy's environmental protection, installation restoration and natural resources management efforts and I am pleased to say that I am taking the helm of a positive and aggressive program. In the early 1970s, the Navy made a strong commitment to environmental protection by establishing an environmental support network for its installations and also created a distinct funding account to pay for environmental compliance projects. Over the past 20 years, with the full support of the Congress, we have accomplished over two billion dollars of environmental improvements to our ships and our shore facilities. Although we recognize much still needs to be done, it is important to acknowledge that significant progress has been made.

Ship Actions

The Navy has an active shipboard pollution prevention program which has resulted in substantial modifications to the existing fleet and influenced our design concepts and criteria for future ships. We have modified our ships to contain sewage while operating in coastal waters and to discharge the sewage to pier side collection systems. We are in the midst of a multi-year program to outfit our surface combatants with oil water separators to prevent oily bilge water discharges in port and at sea. The 1987 Marine Plastic Pollution Research and Control Act requires the elimination of all plastic discharges into the ocean by December 1993. In the past two years, we have developed and put in place a shipboard program to manage plastics, thereby reducing overboard discharges by over 70 percent to date. The 1987 U. S. Public Vessel Medical Waste Anti-Dumping Act restricts discharge of shipboard medical waste. We have in place, comprehensive controls to ensure medical wastes are contained on board. In the area of hazardous materials, we have initiated a shipboard management program to reduce the use of these materials or where necessary, ensure that they are properly handled, packaged, and transferred ashore for reuse, treatment or disposal.

Looking toward the future, the Navy has established a target and has begun research and development on the technology necessary for a pollution free ship of the 21st century. Since our warships have large populations (similar to those found on passenger liners), but are compact and space limited, the Navy has worked diligently to develop unique solid waste processing equipment to comply with U. S. and international laws.

We have developed and procured over \$60 million dollars in state of the art oil spill equipment, including both harbor and

open sea oil skimmers. Over \$20 million of this Navy equipment, including 22 large skimmers, was used to assist in the cleanup efforts at Valdez, Alaska last year. By U. S. Coast Guard estimates, the Navy skimmers recovered more than 50% of the total oil recovered offshore.

As you are aware, the 1990 Department of Defense Authorization Act amended 10 USC 7311 to establish several requirements for managing hazardous wastes generated on board naval vessels. These requirements apply mainly to naval vessels undergoing work in a private shipyard. In general, the Navy is required to: (1) provide a hazardous waste generator identification number for Navy generated wastes in private shipyards; (2) off-load hazardous wastes to the maximum extent feasible prior to entering a contractor's facility; and (3) identify to the contractor the types and quantities of hazardous wastes expected to be generated in the contractor's facility. Required changes in the standard Navy contracts for such work have been completed and appropriate guidance has been provided to both fleet and support personnel to ensure that these requirements are met.

Shore Actions

At our shore installations, we have modified our power plants and industrial facilities to meet air pollution requirements. We have constructed industrial wastewater treatment facilities and have begun implementation of a Navy-wide program for hazardous materials management and control. The objective of this program is to reduce, to the maximum extent practical, the use of hazardous materials in the Navy by changing specifications, work procedures, and processes. Where hazardous materials are needed to accomplish our mission, the program will

ensure tight controls from cradle to grave, employee training and protection, and minimization of wastes. In this regard, we have established an interim goal of 50% reduction in hazardous waste disposal by the end of fiscal year 1992. I use the term interim, because our long-term goal is continual reduction with an eye on complete elimination of hazardous waste disposal. Already, we have identified 19 industrial processes which generate over 95% of the Navy's hazardous waste, and have focused our efforts on those processes first.

To ensure we are meeting all environmental requirements, our three tiered Environmental Compliance Evaluation program examines operations and facilities with respect to applicable federal, state, and local laws and regulations. Tier 1 of the program is an annual self evaluation by installations. Tier 2 is an evaluation conducted about every three years by the parent command and engineering staff of our engineering field divisions. Tier 3 is an oversight inspection by a special team from the office of the Naval Inspector General.

With respect to our current policy for environmental compliance overseas, our shore installations comply with host country laws of general applicability as modified by any Status of Forces Agreements (SOFAs). Also, our Environmental Compliance Evaluation program, analogous to environmental auditing, is being extended to overseas installations.

Navy's Installation Restoration Program

An aggressive Navy-wide program to identify and remediate past hazardous waste disposal sites was started in 1980. To date, we have identified over 2000 potentially hazardous sites at over 200 Navy and Marine Corps installations. We have completed Preliminary Assessments for all sites listed on the Federal

Facilities Hazardous Waste Compliance Docket as required by CERCLA. These potential sites range from small areas where oil and lubricants were spilled during overhaul operations, to old landfills containing solvents and paints disposed of at a time when this was common practice in the country. Our investigations have shown that over 800 of the previously identified 2000 sites either never had hazardous wastes deposited in them, for example they were rubble dumps, or they contain such small quantities of contaminants that no further action is required.

Investigations to characterize the sites (Site Inspections and Remedial Investigations/Feasibility Studies) have been initiated at over 1100 sites. These investigations will use various techniques including sampling groundwater, surface water, and soil to determine the extent of any problems at the site. If problems are found, alternatives will be evaluated and a solution proposed. The study phase is long and cumbersome, but if a problem arises that requires immediate action, we will conduct removal actions as allowed by the National Contingency Plan. We have accomplished 37 remedial actions or removals through FY 1989 and plan to accomplish another 40 this fiscal year.

The Department of the Navy Installation Restoration Program is funded by the Defense Environmental Restoration Account. We received over \$157 million in FY 1990, an increase of \$85 million over the previous year. The Navy's portion of the FY 1991 budget request is \$187 million dollars. We will use the funds to initiate or continue RI/FSs at over 75 Navy and Marine Corps installations and we will fund removals or remedial activities at approximately 45 installations throughout the United States.

I am particularly pleased to note that both the Navy and the

Marine Corps are very active in involving the community in the program. We have set up Technical Review Committees (TRCs) at all our installations where we are doing RI/FSs. This involves over 80 installations. The TRCs are composed of the Navy or Marine Corps, the Environmental Protection Agency, state and local environmental regulatory agencies, local community representatives and a member of the public. The TRCs meet regularly to discuss the ongoing investigations and to help ensure that the technical information being generated considers the concerns of everyone. In addition to the TRCs, it is the Department of the Navy policy to have a community relations plan at all our installations where an RI/FS is being done. All reports are provided to the public and other information of interest is periodically disseminated to ensure everyone is informed each step of the way.

The Navy and Marine Corps have 26 installations either on or proposed for the National Priorities List. We are signing Federal Facilities Agreements with EPA and states at these installations. The agreements spell out the role of each party in the cleanup process and set specific timetables for all actions at the sites. We have signed four agreements and are actively negotiating another fifteen agreements. We hope to have these signed by the end of the year. Work is continuing at these installations while the negotiations proceed. These agreements will dictate our priority sites.

Finally, it is our goal to clean up the sites on a worst-first basis. As site studies get finished, we run sites through a Defense Priority Model which assigns them a numerical score based upon potential threat to human health and the environment. We then execute the actual cleanups in priority order when funding is not sufficient for all the remedial actions that are

executable in a fiscal year.

As you can see, the scope of the Installation Restoration Program in the Department of the Navy is large. Current estimates put the total Navy program at over two billion dollars. Continued support for the program will be necessary if the cleanups are to be accomplished in a timely manner.

Environmental Program Management

In the management area, we have a number of positive actions underway. To ensure "top-down" understanding of environmental requirements and gain upper level management support, a flag and general officers' steering group for environmental issues has been formed. In addition, the Vice Chief of Naval Operations (VCNO) was briefed in January on the environmental challenges of the next decade. The Department of the Navy is committed to environmental protection and personal messages on this subject were sent from the CNO and Commandant of the Marine Corps to all flag officers and general officers this past year. Most recently, we have begun development of a strategic Navy environmental training plan which will specifically identify environmental training for all levels of Navy civilian and military personnel and ensure this training is institutionalized in the Navy. We also have begun a major overhaul of our environmental management information system to provide better and more timely management information and help reduce violations. Finally, through environmental mediation sessions, we have engaged in a dialogue with key House and Senate staff members, state regulators, DoD officials, and environmental groups to improve DoD RCRA compliance. The group's findings are due out this summer, but the dialogue already has had many positive effects.

I think these examples speak well for the Navy environmental program to date. I intend to continue these positive trends and accelerate actions where possible. However, despite our extensive efforts to date, we face increased environmental challenges as we enter the decade of the 90s. As environmental protection is receiving greater national and international attention, it also is receiving greater attention within the Department of Defense. The Department of the Navy fully supports Secretary of Defense Cheney's proactive environmental policy that the Department of Defense should be the Federal leader in environmental compliance and protection. If I may quote Secretary Cheney, "environmental compliance is the surest way to maintain our access to the air, land and water we need to maintain and improve our mission capability." The creation of a new Assistant Secretary of the Navy for Installations and Environment is recognition of the impact and importance environmental issues have on our mission capability. Looking at our mission capability, the following issues are of particular importance to the Department of the Navy.

Ship Issues

We are concerned that questions continue to be raised with respect to the authority of states and localities over Naval vessels. As I stated earlier, the Navy has a very pro-active ship environmental pollution prevention program. We will ensure our ships are in compliance with all legal requirements. However, it would be unworkable for a naval vessel, which must transit various state waters, to comply with multiple, often different, state and local requirements. We are taking a careful look at how this issue can be dealt with in an environmentally sound manner and will inform the committee of any recommendations we develop.

The Navy expects further expansion of operating restrictions as nations expand their territorial waters and tougher ship discharge requirements are developed and enforced. More and more bodies of water are being classified as "special areas" in which all oily and solid waste discharges (except food wastes outside a 12-mile limit) are prohibited. Navy ships have to be able to operate on all of the world's seas and oceans, and we must ensure that our ships are environmentally capable of meeting the growing restrictions, as well as maintain our war-fighting capability. Since all of the world's navies face the same environmental challenge, we are working with our NATO allies to ensure that we cooperatively achieve shipboard environmental goals.

You are, I am sure, aware of the organotin paint problem. The debate over the hazards of use of this anti-fouling paint continues. In the meantime, we are using less effective substitutes. I plan to work with the environmental community and the States to resolve this issue.

With respect to asbestos elimination on board ships, initial efforts focused on thermal insulation applications since these applications posed the most threat to health and safety. Extensive rip-outs have been completed on older ships. New materials such as calcium silicate are being used as replacements and in new ship construction. Remaining shipboard uses consist of over 100,000 commercial items, such as gaskets, clutch facings, compression packings, and brake linings. Through a five-year effort, the Navy will evaluate and qualify commercial substitutes to replace asbestos containing items currently in use. Despite all of our work to qualify substitutes, we may have to continue using small amounts of asbestos in critical applications for the foreseeable future. A Memorandum of Understanding with the Environmental Protection Agency is being

negotiated to define the situations under which asbestos use will be permitted.

In response to international concerns about ozone-depleting chlorofluorocarbon (CFC) and halon chemicals, the Department of the Navy is very proactive. We support the Montreal Protocol and have developed a strategy and plan of action to find safe, suitable substitutes. We have established a policy which prohibits direct release of ozone-depleting substances by January 1993 or within 24 months of the availability of recycling equipment procurement specifications, whichever is sooner. In the meantime, we are taking actions to minimize the use and release of CFCs and halons, and comply with Section 356 of the FY 90/91 Defense Authorization Act. As an example, we recently approved use of a substitute, non-CFC test gas for testing Halon 1301 fire protection systems; this action alone should reduce our annual emissions of Halon 1301 by 60 percent.

Also, we have taken a leadership role in working with other DoD services, the Environmental Protection Agency, the Department of State, and chemical and equipment manufacturers to address common problems and the Navy's unique requirements. The program includes substitute chemical testing and engineering, participation in government-industry consortia to find suitable substitutes, and long-term R&D on alternative non-CFC technologies.

Four CFC and two halon chemicals listed in the Montreal Protocol are critically important to the Navy and Marine Corps operations because our ships, aircraft, and armored vehicles need them as refrigerants, cleaning agents, and fire fighting agents. These chemicals allow us to cool, protect, and clean vital electronics and weapon systems. We cannot overemphasize the

importance of these chemicals to our mission performance.

The primary problem we foresee is twofold. First, we are not optimistic that "drop-in" substitute refrigerants will be found from the chemical industry. Therefore, we have undertaken a long-term program to redesign and convert shipboard cooling systems, as well as long-term R&D programs to develop alternative cooling technologies. Second, the uncertainties about what chemicals might be regulated in the future, make it difficult for us to make long-term commitments to alternative chemicals.

As you know, several bills to further regulate ozone-depleting chemicals have been introduced in the Congress. The Navy needs time for an orderly phaseout of CFC and halon chemicals. We can live with a zero release policy, with the exception of actual fire extinguishing instances in which loss of life are involved. We cannot live with a zero use policy without incurring enormous costs for retrofitting the entire fleet with new cooling systems and endangering the lives of our service personnel.

Shore Issues

The growing concern in both the U. S. and other countries about the state of our environment has led to a growth in compliance requirements. When the fiscal year 1991 budget was developed and submitted, our environmental compliance requirements for fiscal year 1991 were fully funded. However, I am concerned that the continued growth of these requirements may outstrip our budgeted resources and I intend to watch this area very closely. The additional \$34.5 M for environmental compliance added by Congress to our fiscal year 1990 budget is being used to cover such growth in required compliance projects this fiscal year. Admittedly, some of these projects were not

identified in a timely fashion during budget development, and we are taking actions to correct this problem by improving our OMB A-106 process for identifying future environmental requirements.

As you are aware, the Navy and Marine Corps have numerous industrial facilities which help accomplish the defense mission. All of these are impacted by a host of federal, state and local environmental requirements. As an example, we are struggling to test, install leak detection equipment, assess for contamination, and, if necessary, conduct remedial actions on more than 6,000 underground storage tanks. The removal, disposal, and replacement of thousands of PCB transformers has begun. Our industrial facilities have come under intense pressure, especially in California, to meet strict volatile organic compound (VOC) limits. The pending Clean Air Act reauthorization will require another round of controls on many of our air sources. We have estimated the total cost of compliance for the new Clean Air Act to be over \$2 billion.

With regard to the Installation Restoration program, adequate staffing and training is critical if we are to carry out the program quickly and efficiently. The nationwide base of technical people to investigate and manage these cleanups is significantly smaller than required. Consequently, hiring and keeping qualified people is a large problem for us. New contracting techniques and management tools are being used to help improve productivity, but these significant numbers of qualified people will still be needed.

A most immediate issue facing the Navy is the impact of base closures on our environmental restoration program. The base realignments and closures now underway which were mandated by the

Secretary of Defense Commission on Base Realignment and Closure, has dictated acceleration of the environmental clean-up programs at closing bases. While the impact in this first round of closures is manageable, we must be ready for the cost of the potential closures announced by the Secretary of Defense on 29 January 1990. I am most concerned that our decisions be supported and counseled by complete environmental documentation and that our estimates of required environmental restoration and clean-up be thorough and accurate.

As you know, DERA funds cannot be used to fund clean-up and restoration activities incidental to base closures. Therefore, the Administration has requested legislation which would permanently establish a revolving fund for base closures. The fund would be used for expenses incurred by base closures, including environmental clean-up and restoration. I strongly urge your support of this legislation.

The Department of the Navy Challenge

The bottom line is that the Navy and Marine Corps faces a growing requirement and new challenges in the area of environmental protection. These challenges must be met.

We intend to comply with environmental laws and regulations at all levels and integrate the environmental ethic in our civilian and military personnel. To ensure our efforts are understood, we must do better communicating the many positive aspects of the Navy's environmental program with the public, regulators, environmental organizations, and the Congress.

I can assure you, Mr. Chairman, that I will direct every effort toward accomplishing these goals. Thank you for this opportunity, Mr. Chairman. I would be pleased to answer any questions.

STATEMENT OF

LEWIS D. WALKER

DEPUTY ASSISTANT SECRETARY OF THE ARMY
(ENVIRONMENT, SAFETY AND OCCUPATIONAL HEALTH)
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
(INSTALLATIONS, LOGISTICS AND ENVIRONMENT)

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I AM PLEASED TO APPEAR BEFORE YOU TODAY TO DISCUSS THE ARMY'S FY 1991 PRESIDENT'S BUDGET SUBMISSION FOR THE DEFENSE ENVIRONMENTAL RESTORATION ACCOUNT AND FOR ENVIRONMENTAL COMPLIANCE ACTIVITIES.

INSTALLATION RESTORATION PROGRAM

THE ARMY INITIATED ITS INSTALLATION RESTORATION PROGRAM IN 1975 TO DOCUMENT OUR SUSPICIONS THAT WASTE DISPOSAL PRACTICES WERE LEADING TO SERIOUS ENVIRONMENTAL CONSEQUENCES. THIS PROGRAM EVENTUALLY TRANSITIONED INTO THE DEFENSE ENVIRONMENTAL RESTORATION PROGRAM IN 1984. THE LEVEL OF EFFORT HAS SINCE INCREASED DRAMATICALLY. FOR FISCAL YEAR 1989, THE ARMY SPENT \$205 MILLION OF DEFENSE ENVIRONMENTAL RESTORATION ACCOUNT (DERA) FUNDS TO INVESTIGATE AND REMEDIATE ACTIVE ARMY SITES. AN ADDITIONAL \$42 MILLION OF DERA FUNDS WAS SPENT FOR

FORMERLY USED DEFENSE SITES (FUDS), WHICH ARMY MANAGES AS EXECUTIVE AGENT FOR DEPARTMENT OF DEFENSE (DOD). IN FISCAL YEAR 1990, THE ARMY WILL SPEND \$176 MILLION FOR ACTIVE SITES AND \$67 MILLION FOR FUDS. THESE AMOUNTS WILL SHOW INCREASES IN FISCAL YEAR 1991 TO \$209 MILLION FOR ACTIVE ARMY SITES AND TO \$97 MILLION FOR FUDS UNDER THE CURRENT OFFICE OF THE SECRETARY OF DEFENSE ALLOCATION FOR THE FY 1991 DERA FUNDS.

PRIORITY FOR THE DERA FUNDS GOES TO THOSE INSTALLATIONS WITH CATEGORY 1 CLEANUP PROBLEMS. THIS GENERALLY TRANSLATES TO THE NATIONAL PRIORITIES LIST (NPL) SITES, ESTABLISHED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA). THE ARMY CURRENTLY HAS 23 ACTIVE FACILITIES ON THE NPL WITH AN ADDITIONAL EIGHT FACILITIES ON THE PROPOSED NPL.

INTERAGENCY AGREEMENTS

IT IS BOTH DOD AND ARMY POLICY TO NEGOTIATE INTER-AGENCY AGREEMENTS (CALLED FEDERAL FACILITY AGREEMENTS) WITH THE EPA AND THE STATES FOR EACH OF OUR INSTALLATIONS ON THE NPL. THUS FAR, THE ARMY HAS SIGNED 17 FEDERAL FACILITY AGREEMENTS. THREE OF THESE AGREEMENTS - ABERDEEN PROVING GROUND, WEST VIRGINIA ORDNANCE WORKS, AND ROCKY MOUNTAIN ARSENAL - ARE TWO-PARTY AGREEMENTS BETWEEN THE ARMY AND THE EPA. IN THOSE CASES, THE STATES DECLINED TO BE A SIGNATORY TO THE AGREEMENTS. NEGOTIATIONS ARE UNDERWAY AT SEVERAL OTHER INSTALLATIONS, AND THE ARMY HOPES TO COMPLETE ALL AGREEMENTS BY THE END OF CALENDAR YEAR 1990.

HAZARDOUS WASTE MINIMIZATION INITIATIVES

HAZARDOUS WASTE MINIMIZATION (HAZMIN) IS A KEY

ELEMENT IN THE ARMY'S OVERALL ENVIRONMENTAL MANAGEMENT STRATEGY. THE ARMY GENERATES HAZARDOUS WASTE APPROACHING 100,000 METRIC TONS PER YEAR. IN FISCAL YEAR 1989, THE ARMY PAID \$23.6 MILLION THROUGH THE DEFENSE REUTILIZATION AND MARKETING SERVICE FOR CONTRACT DISPOSAL OF HAZARDOUS WASTES GENERATED BY ARMY INSTALLATIONS. DESPITE HAZMIN EFFORTS TO REDUCE AMOUNTS OF HAZARDOUS WASTES GENERATED, THE COSTS OF DISPOSAL ARE EXPECTED TO RISE SIGNIFICANTLY AS LAND BANS FOR CERTAIN UNTREATED HAZARDOUS WASTES ARE PHASED IN.

FUNDS FOR WASTE REDUCTION ARE PRIMARILY PROVIDED BY THE INSTALLATIONS OPERATIONS AND MAINTENANCE (O&M) ACCOUNT. DERA FUNDS ARE AUTHORIZED AS "SEED MONEY" TO FOSTER RAPID PROCUREMENT OF WASTE REDUCTION EQUIPMENT OR TO CONDUCT STUDIES AND RESEARCH. IN FISCAL YEAR 1989, THE ARMY SPENT CLOSE TO \$8.0 MILLION FROM DERA FUNDS FOR HAZMIN PURPOSES.

THE ARMY'S HAZMIN GOAL IS TO REDUCE ITS HAZARDOUS WASTE GENERATIONS BY 50 PERCENT BY DECEMBER 31, 1992, COMPARED TO A BASELINE OF 1985. EMPHASIS IS ON SOURCE REDUCTION. MAJOR INITIATIVES UNDERWAY TO ASSIST THE ARMY IN MEETING THIS GOAL INCLUDE THE FOLLOWING:

- INITIATION OF A HAZARDOUS WASTE MINIMIZATION INTERVENTION STUDY. THE PURPOSE OF THIS \$1.1 MILLION STUDY IS TO INJECT HAZMIN CONSIDERATIONS INTO NEW WEAPON SYSTEM AND SYSTEM SUPPORT LIFE-CYCLE ACQUISITION PROCESSES.

- DEVELOPMENT OF A CENTRALLY MANAGED HAZARDOUS WASTE DATA MANAGEMENT SYSTEM. THIS SYSTEM WILL PROVIDE ARMY HEADQUARTERS, THE MAJOR ARMY COMMANDS, AND THE INSTALLATIONS THE ABILITY TO PREPARE AND ANALYZE DETAILED

HAZARDOUS WASTE GENERATION AND WASTE MINIMIZATION DATA.

- PILOT TESTING OF A HAZARDOUS MATERIALS TRACKING SYSTEM. THIS AUTOMATED SYSTEM IS DESIGNED TO IDENTIFY HAZARDOUS MATERIALS AS THEY ENTER AN INSTALLATION AND MONITOR THEIR LOCATIONS UNTIL ISSUED TO THE USER. THIS SYSTEM WILL ALLOW INSTALLATIONS TO BETTER MANAGE INVENTORIES, MONITOR SHELF LIVES AND IDENTIFY USERS OF HAZARDOUS MATERIALS. IT WILL ALSO IDENTIFY OPPORTUNITIES FOR PRODUCT SUBSTITUTION AND FURTHER RESEARCH AND DEVELOPMENT.

- DEVELOPMENT OF A HAZARDOUS WASTE TRACKING SYSTEM. THIS SYSTEM WOULD ALLOW INSTALLATIONS TO TRACK HAZARDOUS WASTES FROM POINT OF GENERATION TO FINAL DISPOSITION. THIS "CRADLE TO THE GRAVE" TRACKING SYSTEM IS BASED ON BAR CODE TECHNOLOGY.

- INITIATION OF A WASTE REDUCTION INCENTIVE AWARDS PROGRAM. THIS PROGRAM WOULD PROVIDE A MONETARY INCENTIVE TO INSTALLATIONS TO REDUCE GENERATION OF HAZARDOUS WASTE REQUIRING DISPOSAL.

- DEVELOPMENT OF A 5-YEAR, INTEGRATED HAZARDOUS MATERIALS/HAZARDOUS WASTE MANAGEMENT PLAN. THIS PLAN ADDRESSES THE NEED FOR A CORPORATE COMMITMENT TO HAZARDOUS MATERIAL/HAZARDOUS WASTE MANAGEMENT, EFFICIENT AND ACCURATE TRACKING SYSTEMS AND PROPER TRAINING AND EDUCATION.

DURING FY 1990, DUE TO CUTBACKS IN THE AMOUNT OF DERA FUNDS AVAILABLE TO THE ARMY, DERA HAZMIN PROJECTS ARE AS YET UNFUNDED, BUT WILL BE FUNDED SHOULD THE ARMY RECEIVE ADDITIONAL MONIES TO COVER ITS \$32 MILLION UNFUNDED CATEGORY 1 WORK. THE ARMY EXPECTS TO FUND HAZMIN PROJECTS IN FY 1991.

ENVIRONMENTAL RESTORATION RESEARCH, DEVELOPMENT AND
DEMONSTRATION PROGRAM

THIS PROGRAM IS DESIGNED TO IDENTIFY AND DEVELOP INNOVATIVE CLEANUP TECHNOLOGIES AND WASTE SITE INVESTIGATION TECHNIQUES THAT WILL BE EFFECTIVE AND COST EFFICIENT. ENVIRONMENTAL RESTORATION TECHNOLOGY DEVELOPMENT INITIATIVES FALL INTO FOUR AREAS:

- ANALYTICAL METHODS DEVELOPMENT. THE OBJECTIVE HERE IS TO ADAPT/DEVELOP ANALYTICAL METHODS, STANDARD ANALYTICAL REFERENCE MATERIALS AND QUALITY ASSURANCE/QUALITY CONTROL PROCEDURES IN SUPPORT OF ENVIRONMENTAL TECHNOLOGY DEVELOPMENT AND THE ARMY ENVIRONMENTAL RESTORATION PROGRAM.

- CONTAMINATED SOIL/SEDIMENT TREATMENT. THE OBJECTIVE HERE IS TO DEVELOP TECHNICAL AND COST EFFECTIVE CAPABILITIES TO DECONTAMINATE SOILS OR SEDIMENTS CONTAMINATED AS A RESULT OF PAST WASTE DISPOSAL PRACTICES. SPECIFIC THRUSTS INCLUDE IN-SITU BIODEGRADATION TECHNOLOGY, COMPOSTING OF EXPLOSIVE-CONTAMINATED SOILS/ SEDIMENTS, TREATMENT OF HEAVY METALS IN SOIL/SEDIMENTS AND AQUEOUS THERMAL DEGRADATION.

- CONTAMINATED WATER TREATMENT. THE OBJECTIVE HERE IS TO DEVELOP TREATMENT SYSTEMS CAPABLE OF DECONTAMINATING POLLUTED SURFACE WATER AND GROUNDWATER. MAJOR THRUSTS INCLUDE PHYSICAL TREATMENT OF EXPLOSIVE-CONTAMINATED WATERS AND IN-SITU GROUNDWATER TREATMENT.

- STRUCTURAL DECONTAMINATION TECHNOLOGY. THE OBJECTIVE HERE IS TO DEVELOP NON-DESTRUCTIVE TREATMENT TECHNOLOGIES FOR BUILDINGS AND FACILITIES (TO INCLUDE UNDERGROUND PIPING) CONTAMINATED WITH EXPLOSIVES AND CHEMICAL AGENTS. MAJOR THRUSTS INCLUDE HOT GAS TECH-

NOLOGY AND DETERMINATION OF FATE FOR BOTH EXPLOSIVES AND CHEMICAL AGENTS IN CONTACT WITH MASONRY MATERIALS.

DERA FUNDS ARE USED TO SUPPLEMENT NORMAL RESEARCH AND DEVELOPMENT FUNDS TO SUPPORT THE RESEARCH, DEVELOPMENT AND DEMONSTRATION (RD&D) PROGRAM. THIS AMOUNTED TO \$7.3 MILLION IN FY 89. PRESENTLY IN FY 90, THIS CATEGORY IS NOT BEING FUNDED WITH DERA FUNDS. IN FY 91, THE ARMY HOPES TO AGAIN AUGMENT THE RD&D PROGRAM WITH DERA FUNDS.

INSTALLATION RESTORATION PROGRAM STATUS

THE ARMY HAS MADE CONSIDERABLE PROGRESS IN ASSESSING POTENTIAL SITES FOR REMEDIATION. AT THE END OF FY 1989, A TOTAL OF 8,554 PRELIMINARY ASSESSMENTS/SITE INSPECTIONS (PA/SI) HAD BEEN COMPLETED WITH ANOTHER 39 UNDERWAY. REMEDIAL INVESTIGATION/FEASIBILITY STUDIES (RI/FS) HAD BEEN COMPLETED AT 570 SITES WITH ANOTHER 519 UNDERWAY. A TOTAL OF 135 REMEDIAL DESIGN/REMEDIAL ACTIONS (RD/RA) HAD BEEN COMPLETED WITH ANOTHER 447 UNDERWAY.

IN FY 1990, THE BREAKOUT OF THE FUNDING SHOWS THAT PA/SI'S ACCOUNT FOR 2 PERCENT OF THE MONEY, RI/FS'S ACCOUNT FOR 33 PERCENT OF THE MONEY AND RD/RA'S ACCOUNT FOR 42 PERCENT OF THE MONEY WITH THE REMAINING AMOUNT USED FOR PROGRAM SUPPORT. WE EXPECT THE PERCENTAGE OF FUNDS TO BE USED FOR RD/RA (ACTUAL CLEANUP) TO CONTINUE TO INCREASE IN FY 1991 AND IN THE SUBSEQUENT YEARS.

FORMERLY USED DEFENSE SITES (FUDS)

THE FUDS PROGRAM IS NOT AS FAR ALONG AS THE ACTIVE PROGRAM. ALTHOUGH 7,085 POTENTIAL SITES HAVE BEEN IDENTIFIED, 3,965 STILL NEED TO BE ASSESSED. THERE ARE 1,814 PA/SI'S IN PROGRESS. THERE ARE ALSO 19 RI/FS PROJECTS IN PROGRESS ALONG WITH 24 RA'S. A TOTAL OF 67

RA's HAVE BEEN COMPLETED.

ENVIRONMENTAL COMPLIANCE

ENVIRONMENTAL COMPLIANCE CONTINUES TO PRESENT A MAJOR CHALLENGE TO OUR ARMY INSTALLATIONS. THIS CHALLENGE IS EXACERBATED DUE TO THE VARIETY AND SCOPE OF ARMY OPERATIONS, THE GROWTH OF ENVIRONMENTAL REGULATIONS, INCREASED ENFORCEMENT ACTIVITY ON THE PART OF REGULATORY AGENCIES AND INCREASING PUBLIC CONCERN OVER ENVIRONMENTAL ISSUES. DESPITE OUR BEST EFFORTS TO BRING OUR INSTALLATIONS INTO COMPLIANCE, THE ARMY EXPERIENCED AN INCREASE OF NOTICES OF VIOLATIONS (NOVs) IN FY 1989 COMPARED TO 1988, ALTHOUGH THE TOTAL IS LESS THAN THE PEAK YEAR OF FY 1987. FOR FY 1989, MOST OF THE NOV'S WERE FOR ADMINISTRATIVE VIOLATIONS. WHERE INSTALLATIONS CANNOT BE BROUGHT INTO COMPLIANCE WITHIN A 30-60 DAY PERIOD, FEDERAL FACILITY COMPLIANCE AGREEMENTS (FFCA'S) ARE NEGOTIATED BETWEEN THE ARMY AND THE ENVIRONMENTAL PROTECTION AGENCY. FOURTEEN SUCH FFCA'S HAVE EITHER BEEN SIGNED OR ARE BEING NEGOTIATED AT THE PRESENT TIME. THE ARMY HAS DEVELOPED AN ENVIRONMENTAL COMPLIANCE ACHIEVEMENT PROGRAM (ECAP) TO IMPROVE COMPLIANCE. SEVERAL ACTIONS HAVE BEEN ACCOMPLISHED TO REVIEW IMPEDIMENTS TO COMPLIANCE AND REMOVE THEM TO INCLUDE:

- CONVENED TWO SENIOR ENVIRONMENTAL LEADERSHIP CONFERENCES TO DEVELOP AN ENVIRONMENTAL STRATEGY FOR THE 1990's.

- LAID THE GROUNDWORK FOR THE ESTABLISHMENT OF AN ARMY ENVIRONMENTAL POLICY INSTITUTE TO HELP FORESEE FUTURE REQUIREMENTS.

- HAVE INSTITUTED A SENIOR EXECUTIVE ENVIRONMENTAL COUNCIL TO INVOLVE SENIOR ARMY STAFF

OFFICERS IN THE ENVIRONMENTAL PROCESS.

- HAVE ISSUED POLICY GUIDANCE THAT ALL CLASS 1 PROJECTS DESIGNED TO BRING INSTALLATIONS INTO COMPLIANCE WITH EXISTING ENVIRONMENTAL STATUTES ARE "MUST FUND" PROJECTS.

- HAVE INITIATED A SPECIAL MANAGEMENT DECISION PACKAGE TO TRACK ENVIRONMENTAL COMPLIANCE FUNDS.

- HAVE WRITTEN LETTERS TO THE 50 STATE GOVERNORS AND THE 10 EPA REGIONAL ADMINISTRATORS PLEDGING COMPLIANCE.

- HAVE PUBLISHED A NEW COMMANDER'S GUIDE ON ENVIRONMENTAL COMPLIANCE.

- HAVE EXPANDED THE ENVIRONMENTAL AUDITING PROGRAM FOR USE AT ALL OF OUR INSTALLATIONS.

- ARE IN THE PROCESS OF INTEGRATING ENVIRONMENTAL TRAINING INTO OTHER TRAINING AT ALL LEVELS - SOLDIER TO SENIOR LEADERS.

THE ARMY HAS BUDGETED A TOTAL OF \$336.9 MILLION FOR ENVIRONMENTAL PROJECTS IN FY 1990. THIS INCLUDES \$100 MILLION FOR ENVIRONMENTAL COMPLIANCE THAT THE FY 1990 APPROPRIATIONS BILL EARMARKED FOR ENVIRONMENTAL COMPLIANCE FOR THE ARMY. IN FISCAL YEAR 1991, THE PRESIDENT'S BUDGET SUBMISSION FOR THE ARMY INCLUDES \$452.3 MILLION FOR ENVIRONMENTAL PROJECTS FROM ALL APPROPRIATIONS.

BASE CLOSURE ISSUES

THE ARMY ESTIMATES THAT ENVIRONMENTAL CLEANUP COSTS FOR BASE REALIGNMENT AND CLOSURE SITES IDENTIFIED BY THE BASE CLOSURE COMMISSION WILL BE \$17.70 MILLION IN FY 90. OF THIS AMOUNT \$1.15 MILLION WILL BE FROM DERA FUNDS. DERA FUNDS ARE ONLY USED IF THE INSTALLATION WOULD QUALIFY FOR DERA FUNDS UNDER NORMAL PRIORITY SETTING,

REGARDLESS OF CLOSURE. IN FY 91, THE REQUIREMENT WILL BE \$50.47 MILLION OF WHICH \$26.50 MILLION WILL BE ELIGIBLE FOR DERA FUNDS. ENVIRONMENTAL DOCUMENTATION (ENVIRONMENTAL IMPACT STATEMENTS AND ENVIRONMENTAL ASSESSMENTS) IS PRESENTLY BEING PREPARED FOR THE ARMY SITES.

OVERSEAS ENVIRONMENTAL COMPLIANCE

THE ARMY HAS A NUMBER OF INITIATIVES UNDERWAY TO ADDRESS THE ENVIRONMENTAL CHALLENGE OVERSEAS. BESIDES THE ECAP INITIATIVES ALREADY DISCUSSED, AN OVERSEAS AUDIT PROTOCOL IS BEING DEVELOPED IN CONJUNCTION WITH THE AIR FORCE. A PROJECT IS ONGOING TO IDENTIFY, INTERPRET, ABSTRACT AND INDEX GERMAN STATE AND FEDERAL REGULATIONS INTO A DATA SYSTEM. THIS WILL FORM THE BASIS FOR UPDATING OVERSEAS AUDIT PROTOCOLS AND FOR EVALUATING APPLICABLE REQUIREMENTS UNDER THE STATUS OF FORCES AGREEMENT (SOFA). IN THE OPERATIONS SUPPORT AREA, SEVERAL EFFORTS ARE UNDERWAY.

O THE INTEGRATED TRAINING AREA MANAGEMENT (ITAM) PROGRAM IS BEING IMPLEMENTED AT USAREUR. THIS PROGRAM USES OTHER COMPUTERIZED ANALYSIS SYSTEMS TO INTEGRATE NATURAL RESOURCES MANAGEMENT IN THE USE OF TRAINING AND IMPACT AREAS.

O IN SUPPORT OF DEMILITARIZATION STUDIES, A SUBSET OF THE GEOGRAPHIC RESOURCES ANALYSIS SUPPORT SYSTEM (GRASS) WAS DEVELOPED WHICH DRAWS DATA FROM VARIOUS SOURCES TO ADDRESS AREAS OF ENVIRONMENTAL IMPORTANCE. THE GRASS SUBSET PERFORMS ENVIRONMENTAL IMPACT ANALYSES ON THE IDENTIFIED AREAS AND CAN BE USED AS A TOOL FOR IMPACT ASSESSMENT ON THE GLOBAL COMMONS.

O A DRAFT ENVIRONMENTAL REVIEW GUIDE (ERG) FOR USE IN EUROPE HAS ALSO BEEN DEVELOPED TO IDENTIFY ENVIRONMENTAL CONSEQUENCES THROUGH REVIEW OF PROJECTS. DATA SOURCES ARE BEING IDENTIFIED AND A TRAINING PROGRAM IS BEING FORMULATED.

IN FY 1990, THE ARMY HAS BUDGETED \$55.6 MILLION FOR ENVIRONMENTAL COMPLIANCE OVERSEAS. THIS INCREASES TO \$80.3 MILLION IN FY 1991.

THE ARMY HAS DEVELOPED A PROTOCOL TO HANDLE ENVIRONMENTAL RESTORATION IN A SYSTEMATIC WAY FOR OVERSEAS. IT CONSISTS OF FOUR PHASES:

- O INVENTORY OF CONTAMINATED SITES
- O ANALYSES OF US LEGAL OBLIGATIONS
- O DEVELOPMENT AND ANALYSES OF ALTERNATIVES
- O EXECUTION OF THE SELECTED ALTERNATIVES

CONTAMINATION CLEANUP FOR REMEDIATION OF PAST DISPOSAL PRACTICES OR SPILLS IS HANDLED DIFFERENTLY OVERSEAS THAN IN THE UNITED STATES. PRESENTLY, THE APPROACH TAKEN BY HOST NATIONS IS MOSTLY COOPERATION RATHER THAN ENFORCEMENT OR CONFRONTATION. ALSO, UNITED STATES STANDARDS DO NOT APPLY AT OVERSEAS INSTALLATIONS, EXCEPT WHEN THE AGREEMENT WITH THE HOST NATION CALLS FOR UNITED STATES STANDARDS. MOST OF OUR CONTAMINATION PROBLEMS AT OVERSEAS INSTALLATIONS ARE RELATED TO POL (PETROLEUM, OILS AND LUBRICANTS) AND GROUNDWATER CONTAMINATION BY CHLORINATED HYDROCARBONS.

FUNDING OPTIONS AS WELL AS THE LEAD PARTY FOR CONDUCTING NECESSARY CLEANUPS CAN VARY FROM COUNTRY TO COUNTRY DEPENDING ON RESIDUAL VALUE NEGOTIATIONS FOR FACILITIES TO BE TURNED BACK, STANDARDS TO BE EMPLOYED, EXPERTISE OF HOST COUNTRY, AND POLITICAL CONSIDERATIONS.

THE UNITED STATES WILL ENSURE THAT WE DO NOT LEAVE A FACILITY THAT PRESENTS AN IMMINENT THREAT TO THE HEALTH OR THE ENVIRONMENT WITHOUT AFFECTING CORRECTIVE ACTION.

THIS APPROACH HAS BEEN COORDINATED WITH THE STATE DEPARTMENT.

SUMMARY

THE ARMY HAS SEVERAL INITIATIVES UNDERWAY WHICH NOT ONLY REINFORCE THE ENVIRONMENTAL RESTORATION AND COMPLIANCE PROGRAMS BUT PLACE GREATER EMPHASIS ON POLLUTION PREVENTION AND ENVIRONMENTAL ENHANCEMENTS. THESE INITIATIVES REFLECT THE ARMY'S STRONG COMMITMENT TO PROTECTING, PRESERVING AND ENHANCING THE ENVIRONMENT. THE PROGRAM IS MOVING FORWARD AND EFFORTS WILL CONTINUE TO FOCUS AVAILABLE RESOURCES IN THESE AREAS. I WILL BE HAPPY TO ADDRESS QUESTIONS FROM THE SUBCOMMITTEE.

Statement of
Mr. Gary D. Vest

Deputy Assistant Secretary of the Air Force
(Environment, Safety and Occupational Health)

Mr. Chairman and Members of the Committee,

I am pleased to have the opportunity to discuss Air Force efforts for environmental compliance and enhancement. Among the many aspects of our environmental program today, compliance is the number one priority. This is not optional--it is an obligation. Overall, the Air Force has a good record of compliance with environmental regulations. However, there is still room for improvement and, with the support of our senior leadership, we have a number of initiatives which will help us achieve full compliance.

Let me begin by describing the three major emphasis areas of our environmental program. First, the Air Force is addressing those actions we need for compliance with present laws. Second, the Air Force Defense Environmental Restoration Program focuses on past hazardous waste practices through the cleanup of contaminated sites. Third, we have made a conscious effort to dedicate part of our program to preventing situations which could lead to non-compliance with environmental laws and regulations. Our investment in the future through research and development, hazardous material and waste minimization and compliance with the National Environmental Policy Act will pay dividends. I will address each of these areas in more detail later in my remarks.

The Air Force has worked hard to fully integrate environmental concerns in the mainstream of our operations. This is not an easy task. Just as our country has become environmentally conscious over the last twenty years, so has the Air Force. The most important aspect of this effort is to identify our needs to Congress. Through the Office of Management and Budget's A-106 process, installation personnel are identifying

and planning environmental compliance projects for submittal by me through EPA to OMB. We are working to better identify our requirements and priorities through the budget process. I believe this is one of the primary keys to achieving our compliance goal.

The Air Force environmental compliance program has a strong foundation of three foundation elements. Our base comprehensive plans provide baseline data and serve as the roadmaps for future development. Through compliance with the National Environmental Policy act, we identify potential impacts of proposed actions and ways for mitigating those impacts. With our Environmental Compliance Assessment and Management Program or ECAMP, we have a comprehensive evaluation program and management system for finding and fixing deficiencies. Together, these three elements provide the Air Force with the necessary tools for planning and evaluating our compliance status and identifying areas in need of attention.

As I noted earlier, the Air Force is committed to making environmental compliance an integral part of doing business. To accomplish this challenging task, it is necessary to raise the awareness of our senior leadership and commanders with environmental issues. Beginning next month, we will be bringing all our field commanders to Tyndall Air Force Base to reemphasize environmental requirements they face and to reinforce our goal of full environmental compliance. We have also been conducting a number of courses to educate our junior-level managers throughout the Air Force on the technical, financial and procedural aspects of compliance. Many of these efforts have federal, state and even local regulatory participation. I believe we are maintaining our readiness posture while being sensitive to environmental requirements.

An area of great concern to me is our personnel resources. Just as the Environmental Protection Agency and all federal agencies have found, the hiring, training and retaining of professional environmental personnel is a difficult task, in light

of the explosion of environmental regulations. Requirements to support our growing environmental management program have significantly increased. Commanders at all levels are working to fill these requirements, but this task continues to be difficult.

In regard to budgeting for environmental compliance, beginning this fiscal year, the Air Force has a Program Decision Package called PDP F200 which aggregates and captures the environmental costs of doing business and programs appropriate funds. This is a major step toward credible and comprehensive identification of requirements to the Congress on what we need to meet our legal obligations.

ENVIRONMENTAL COMPLIANCE

I would like to reemphasize the statement I made earlier that environmental compliance is our number one priority. I believe the Air Force's compliance with environmental regulations is actually quite good. However, we are not satisfied with our record and we are working very hard to have a superb compliance rate. The Air Force is large with many installations scattered throughout the United States and inevitably we will receive some Notices of Violation (called NOVs) in spite of our best efforts to achieve full compliance. Our compliance rates with Clean Air Act and Safe Drinking Water Act requirements have been exemplary. However, we have problems with Resource Conservation and Recovery Act (RCRA) and Toxic Substances Control Act (TSCA) compliance. All of our TSCA violations are associated with polychlorinated biphenyl (PCB) management. The Air Force has established a goal of eliminating all PCBs on our installations by the end of FY 1991. We will meet this goal at most, but not all, of our installations. Funding constraints may ultimately stretch out our program. When the Air Force is finally PCB-free, we will have eliminated the primary source of our TSCA compliance violations.

RESOURCE CONSERVATION AND RECOVERY ACT COMPLIANCE

Although we had 16 percent fewer RCRA violations during FY 1989 than the previous year, we still have problems. This is apparent from the deficiencies identified in enforcement notices issued to our installations. Regrettably, during FY 1989 nearly half (49%) of our installations that received RCRA inspections had one or more violations. Some of these violations did not result in formal enforcement action by the regulatory agencies. However, of the 33 violations or other enforcement notices issued to Air Force installations in FY 1989, 16 have been corrected and acknowledged by the applicable regulatory agencies; nine have been corrected, but not yet acknowledged by the regulator; three require further clarification to the Air Force; and five will be corrected in FY 1990.

Most of our RCRA violations were for administrative items such as training records and labeling deficiencies. Our installations try to resolve violations as quickly as possible or enter into a formal compliance agreement in situations where the nature of the problem precludes near-term solutions within existing resource limits. When a violation is not quickly resolved, more often than not there is a technical disagreement or a breakdown in communications between the installation and the regulators.

Unfortunately, some disagreements have persisted for a long time. The Air Force has 13 installations--Dover AFB, Holloman AFB, Kirtland AFB, Dyess AFB, Reese AFB, Castle AFB, Cannon AFB, Edwards AFB, Kelly AFB, Norton AFB, Beale AFB, Andersen AFB, and Mountain Home AFB--listed as 'RCRA Significant Non-Compliers. Violations at eight of the 13 installations have been open for over two years. I believe these installations have aggressively worked their RCRA programs in coordination with the state environmental offices and the EPA. However, only nine have signed agreements or have orders in place. Often we have had to act in absence of regulatory input in order to progress with needed

actions. These include groundwater monitoring, surface and sediment characterization, design and remediation projects. The Air Force has never viewed agreements as being a necessary prerequisite for action.

We do not hesitate to apply resources to environmental problems. We have spent over four million dollars at Holloman, Reese and McClellan Air Force Bases for RCRA compliance issues. However, we are concerned about spending funds to address problems resulting from unnecessarily restrictive application of the RCRA "mixture rule" and the provisions of RCRA which provide an exemption for publicly owned treatment facilities. At Holloman AFB, for example, we have high volumes of sanitary wastewater containing extremely low concentrations of hazardous constituents introduced into the sewage lagoon system as a result of small spills and releases of hazardous materials prior to 1984. The area groundwater quality is poor due to naturally occurring dissolved salts, and the closest down gradient potable water well is over 14 miles away. Groundwater monitoring has failed to show significant contamination. Large expenditures, possibly as high as \$80 million, to remove sludges with extremely small concentrations of hazardous materials in order to achieve "complete closure" will not appreciably improve environmental quality. Since our sewage treatment plant is not considered publicly owned we are not afforded the same exemption from the mixture rule as the thousands of municipal treatment facilities. We believe such massive cleanup efforts are ill-advised, unfairly required, and not what the Congress envisioned when RCRA was enacted.

I agree that the Air Force's RCRA compliance record is a cause for concern and we will continue to take aggressive action to improve our compliance record. Many of the violations received are a result of inexperience due to frequent personnel changes and, in some cases, inadequate management supervision. Air Force

senior level attention is being focused on this problem.

Environmental management oversight is provided at each level of the Air Force by an Environmental Protection Committee or the EPC. In August 1987, the chairmanship was elevated to strengthen the committee's oversight. In Washington D.C., I co-chair the EPC with the Deputy Chief of Staff for Logistics and Engineering, Lt Gen Viccellio; at Major Commands, the chairman is normally the Vice Commander or another senior general officer; and at installation level, the chairman is normally the Vice Commander. These changes insure that senior managers at each level are involved in, and have oversight of, Air Force environmental issues.

In June 1988, the Air Force implemented its Environmental Compliance Assessment and Management Program or ECAMP. The Environmental Protection Committees in Washington, D.C., at Major Commands, and at the installation level are responsible for implementing and managing the program. It is designed to enhance Air Force compliance with federal, state, and local regulations; assure commanders their environmental programs are effective; improve Air Force environmental compliance management; provide data for identifying, programming, and budgeting; and provide timely, accurate, and complete information. ECAMP is a self-evaluation program. It reviews a facility's operations, practices, and records to assess and verify compliance with applicable federal, state, local, DoD and Air Force regulations.

Participation in ECAMP is required for 101 major and 106 minor Air Force installations within the United States. ECAMP makes use of external and internal compliance evaluations. External evaluations are required at a minimum every three years and are conducted by personnel not directly associated with the installation being evaluated. Internal evaluations are normally self-inspections made by installation personnel. At major installations, internal evaluations are required annually. Over 90 percent of our installations were initially evaluated through

ECAMP by the end of FY 1989 and the remainder will be evaluated by the end of FY 1990. ECAMP has been a tremendous help in identifying and correcting our compliance problems. The program has also served to significantly increase environmental awareness throughout the Air Force.

As in the United States, the ever increasing concern for minimizing pollution overseas reinforces our long standing policy of being good stewards of the environment. To help commanders, the Air Force is expanding ECAMP to include overseas installations. Overseas installations are not legally bound by the same environmental regulations as those in the United States, and in most cases Status of Forces Agreements rarely make mention of environmental requirements. The overseas version of ECAMP lists applicable DoD and Air Force regulations, plus good management practices taken from RCRA, and other Federal standards. This version of the ECAMP manual is supplemented with manuals based on host nation law, if available. The establishment of host nation environmental compliance manuals is a cooperative effort with the U.S. Army, U.S. Navy, U.S. Marine Corps and the Defense Reutilization and Marketing Service on a country by country basis. The program is designed to provide a reasonable standard of environmental care in host countries.

Our ongoing training courses are part of a priority effort by the Air Staff to enhance environmental awareness at all levels of the Air Force. In FY 1989, the Air Force developed a Hazardous Waste training workshop with the assistance of EPA to help our installation personnel understand RCRA requirements. We conducted three workshops in FY 1989 and trained approximately 280 people. We have moved this training to the Air Force Institute of Technology and will train approximately 210 people this year.

Another training tool we developed is an installation-level hazardous waste management slide and script training package. It was distributed to the field in August 1989 and provides a means

for the environmental managers at the installation level to train and familiarize a wide variety of personnel. Also, in August 1989 the USAF Guide to Hazardous Waste Management was distributed to our Major Commands. Later this year, we will publish an Air Force pamphlet to supplement the current Hazardous Waste Management guide. We believe that the training courses and publications will play a major role in improving our RCRA compliance program.

ENVIRONMENTAL COMPLIANCE FUNDING

The Air Force is aggressively pursuing accounting system changes to provide more visibility of the funds being spent for environmental compliance. Historically, these funds have come from the Operations and Maintenance (O&M) appropriation and were not readily identifiable as environmental costs. At the beginning of FY 1990, the Air Force introduced new cost accounting and Emergency and Special Project codes to better identify and track environmental costs in the O&M appropriation. Later this year, additional changes will be made to ensure that environmental costs are more visible throughout the Planning, Programming, and Budgeting System cycle.

Another tool is Program Decision Package F200 which allows us to program funds for environmental compliance across all Air Force appropriations. The Air Force's FY 1990 investment for environmental compliance is over \$200 million. These funds will be used for a broad spectrum of multi-media requirements ranging from hazardous waste disposal and air/water compliance programs to documentation required by the National Environmental Policy Act. The Air Force has already recognized that the FY 1990 level of environmental compliance investment will not support our requirements in the future. Consequently, new programming guidance is being proposed to ensure that these future requirements are more accurately defined and quantified. Furthermore, as laws and regulations change, the Air Force will

need to determine the level of investment necessary to comply with promulgated environmental standards.

MANPOWER

The Air Force has recognized the need for additional environmental staff in Civil and Bioenvironmental Engineering, the primary disciplines involved in the Air Force's environmental programs. In 1987, we initiated manpower studies to determine our current requirements. One study was finalized in March 1990, and resulted in a new Air Force Manpower Standard which recognizes the significant increase in environmental work load on the civil engineering organization. The projected increase is 217 positions in addition to the 669 already authorized across the Air Force. The standard acknowledges the wide variation of missions on each base and identifies a number of areas where the Major Commands can justify additional positions above the 217 already validated. The Major Command Civil Engineers are now working the initial implementation of the new standard. The timely implementation of the new standard, along with any command additives, will improve our ability to avoid and correct environmental problems.

These manpower adjustments are significant and will help us accommodate our current environmental workload. We anticipate having to reassess our manning requirement again in the near future to keep pace with the extraordinary growth in environmental compliance requirements.

DEFENSE ENVIRONMENTAL RESTORATION PROGRAM

I would like to turn now to our efforts to cleanup contamination from past disposal practices. The Air Force Defense Environmental Restoration Program or DERP is composed of two of three sub-elements -- the Installation Restoration Program or IRP and Other Hazardous Waste Operations. The third sub-element,

Building Demolition and Debris Removal, is not funded under present DoD policy.

OSD provided the Air Force \$172.8 million from the Defense Environmental Restoration Account or DERA for environmental restoration in FY 1989, up from \$148.4 million in FY 1988. Our FY 1990 funding is \$167.4 million.

We are addressing over 3,500 sites at 243 installations, from large installations to small support facilities. Based on what we know at this stage in our investigation, we estimate that approximately 60 percent of them will need some form of cleanup. Through the end of FY 1989, the Air Force had completed cleanups at 117 sites. Remedial actions or cleanups are underway at 482 sites. An additional 144 sites are undergoing interim remedial actions or removals. The number of sites where remedial actions will take place will rise sharply over the next five years. This will occur as the 1,946 remediation studies underway are completed and recommended actions are analyzed, selected and implemented.

The Air Force is involved at 71 EPA Superfund sites, where the Air Force contributed wastes directly or through contractors servicing our installations. These sites are called third party sites. Determining the amount of waste attributable to the Air Force is a big effort for the EPA and the Air Force. The potential cost of third party sites is difficult to estimate, but it will be sizeable. We project third party site costs to be five percent of the Air Force DERP Program in FY 1990, thirteen percent in FY 1991 and will likely continue to grow in the future.

Of immediate concern to the Air Force are the continuing problems in reconciling the different cleanup approaches, cleanup standards, cleanup priorities, and jurisdictional aspects of RCRA's "corrective" action and Superfund's "remedial" action. It remains unclear at the installation level what process will govern and who is in charge, or whether we will be potentially subjected to both processes and controlled by both regulators at the same

site. There is potential for waste through duplication of effort and regulatory second guessing. Regardless of who is in charge, we would like to proceed with cleanups on our installations using the same process, cleanup standards and priority setting mechanism. We want to get on with cleanups and make the best use of our cleanup dollars.

Another concern to us is the escalating cost of environmental cleanup. The costs associated with the requirements of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Superfund Amendments and Reauthorization Act of 1986 (SARA) are increasing. During the last three years, the bulk of the Air Force's environmental restoration funding was spent on studies. However, that trend is ending. In FY 1990, spending on remedial actions will be virtually equivalent to spending on studies. In FY 1991, we project that approximately 60 percent of available funds will be spent on remedial actions. The cleanups will cost a great deal more than those in the early years of the program because of the increased complexity of the contamination problems, the need for more innovative cleanup technologies, and the emerging requirements under new laws and regulations. We are structuring our program for the available funding using the Defense Priority Model or DPM in accordance with DoD instructions. The DPM is used to rank sites for remedial action based on the relative risk each site poses to human health and the environment. Information acquired in the investigation phase of the National Contingency Plan (NCP) process is used to measure the hazards posed by pollutants.

FEDERAL FACILITY AGREEMENT STATUS

Like the Environmental Protection Agency's Superfund program, our Installation Restoration Program follows the National Oil and Hazardous Substances Pollution Contingency Plan or NCP. NCP procedures are followed when a site is listed on the National

Priorities List or NPL. If a site is not listed on the NPL, the Air Force incorporates applicable state laws concerning removal and remedial actions in following the NCP process.

Our policy is to negotiate an Interagency Agreement as soon as possible after a site is proposed for the NPL. This is based upon our desire to conduct work with the maximum amount of input from the public, the states and EPA. The other objective of these comprehensive agreements is to ensure that at remedy selection, all parties will be able to support the same remedy.

The Air Force has thirty (30) bases on or proposed for the NPL. We have signed nine three-party agreements--Castle AFB, Mather AFB, McClellan AFB, Norton AFB, Dover AFB, Robins AFB, Tinker AFB, Fairchild AFB, and McChord AFB--and one two-party agreement at Twin Cities AFB. With the cooperation of Headquarters EPA, we have mapped out a strategy to complete the remaining IAGs by the end of 1991. The strategy will allow all parties to conserve their manpower resources and take full advantage of lessons learned from other agreements.

We are also working directly with the states on non-NPL sites as well.

ENVIRONMENTAL RESTORATION RESEARCH AND DEVELOPMENT EFFORTS

We would like clean up sites with the most timely, efficient, and cost effective solutions possible. Thus, our restoration research and development efforts are an essential part of our program. The Air Force Engineering and Services Center at Tyndall AFB, Florida is the primary agent for Air Force environmental research and development efforts.

Additionally, the Air Force uses our Armstrong Aerospace Medical Research Laboratory or AAMRL at Wright-Patterson AFB, Ohio for investigation of toxicological effects of hazardous chemicals and the Air Force Office of Scientific Research at Bolling AFB, D.C. for basic research into hazardous waste solutions. The work

at AAMRL is accomplished in cooperation with the EPA and the research for the Office of Scientific Research is conducted by academic institutions.

We have invested over \$50 million in R&D for the Installation Restoration Program. Examples of our research efforts include in-place treatment of contaminated soils and groundwater, incineration of Herbicide Orange contaminated soil, and removal of volatile organic compounds from groundwater. These efforts include potential cost savings and help with the difficult task of finding environmentally acceptable cleanup methods.

WASTE MINIMIZATION

Environmental restoration, Operations and Maintenance, hazardous waste disposal, and industrial funds are used for promoting the Air Force's hazardous waste minimization efforts. The Air Force hazardous waste minimization program is structured to meet challenges we will face over the next decade and into the 21st century. Our program involves all activities and all levels of the Air Force. We are working to create a technical capability for avoiding, where possible, the procurement of hazardous material. This program involves the identification of hazardous materials in technical orders and military specifications and substitution with less toxic materials. Our investment in initiatives such as this should reduce future costs associated with managing hazardous materials and wastes.

Like private industrial activities, the Air Force has reduced the volume of hazardous material requiring disposal by recycling manufacturing residuals to offset material costs. Such items as used petroleum products, off-specification or outdated paints, and excess solvents have been made available to other government agencies or sold to the public through the Defense Logistics Agency's recycling program.

Within the Air Force, the Air Force Systems Command acquires

new weapon systems while the Air Force Logistics Command performs major repairs and maintenance on those systems. Together they generate over 80 percent of Air Force hazardous waste. Their operations are similar to private industrial activities. In 1985, Air Force Logistics Command formalized a hazardous waste minimization program called PACER REDUCE. Concurrent with the Logistics Command effort, Air Force Systems Command initiated a comprehensive analysis of minimization opportunities at its research, development, test and evaluation facilities.

The Air Force supported over \$62 million in minimization efforts from fiscal year 1984 to 1988. These efforts included a broad range of activities such as research and development, installation-specific waste reduction studies, personnel awareness training and procurement of minimization hardware at many of our facilities. Most research and development has been conducted by the Air Force Engineering and Services Center. Since most of our wastes are generated by Logistics Command, much of the R&D effort has been conducted in complete cooperation with our main industrial installations, the Air Logistics Centers. Projects have included development of laser paint stripping processes, biodegradable solvents and degreasers, and chromium recovery processes.

The Air Force is also addressing hazardous waste materials substitution and minimization by reviewing systems and procedures in the acquisition process. In October 1986, an Air Force Scientific Advisory Board study recommended that the Air Force focus on the selection and ultimate reduction of hazardous materials and their toxicity in the weapons system acquisition process. It was also recommended that health and environmental engineering personnel be added to systems acquisition staffs to ensure appropriate consideration is given to hazardous material control and substitution. These recommendations are now being implemented by the Air Force Systems Command.

Air Force efforts to reduce hazardous wastes are effective, timely and far reaching. Air Force Logistic Command, for example, developed an innovative method for stripping paints from aircraft using plastic beads rather than chemicals. Private industry, notably Delta Air Lines, was quick to adopt the technology; and within DoD it is now being used in numerous non-aircraft applications by both the Navy and Army. The command is now conducting a second generation of review of this process and is exploring the use of bicarbonate of soda blast medium to further reduce waste generation.

INSTALLATION CLOSURE CLEANUP EFFORTS

CONUS

There have been a number of inquiries on the impact on the restoration program as a result of the Base Closure initiatives in the United States. I would like to briefly touch upon the relationship between the two.

The law requires that cleanup of contamination from past hazardous waste activities be accomplished regardless of whether closure is involved. The National Contingency Plan includes the systematic procedure for evaluating sites to determine their relative degree of potential hazard to public health or the environment. Sites considered to have a medium to high hazard potential are proposed for the NPL. Four of the five Air Force installations selected for closure are on the NPL (George AFB, Norton AFB, Pease AFB, and Mather AFB). They will, therefore, receive higher funding priority than a non-NPL installation. Four additional Air Force installations have been proposed to be studied for closure, but they are not on the NPL. DERA funding will continue to be used for eligible projects based on priority. Non-DEA eligible cleanup actions such as asbestos, PCBs, underground tanks, etc., will be funded from Major Command Operations & Maintenance accounts.

The estimated need for DERA and O&M environmental funding is \$129 and \$110 million, respectively, for the five installations being closed. These estimates are the best available based on what is known about specific requirements and the anticipated best fix to environmental problems. Estimated funding requirements for the installations being studied for closure are not yet available. The Air Force will continue to conduct investigations to confirm and quantify the environmental problems at our closure and realignment/consolidation installations.

The Air Force has also received a number of inquiries concerning the acceleration of cleanup activities at closure installations. Environmental mitigation/cleanup will be accelerated only when needed to aid reuse planning or activities and when it can be reasonably coordinated with local, state, and federal environmental regulators. Accelerated installation restoration cleanups will only be supported when the site meets the DERA funding priorities. Funding availability to accelerate other environmental compliance requirements is limited in these times of austere DoD budgets. To date, most of the requirements to keep the closure process underway have been covered.

OVERSEAS

The environmental requirements for force structure realignments and closure actions overseas are quite different than they are in the United States. We are obligated as responsible officials and stewards of our host's lands to clean up our pollution that immediately threatens people's health or safety. Beyond this, language in our basing agreements regarding the condition of the bases upon departure varies by country from being silent on the subject to leaving the facility "as is" or in "serviceable condition." Although, the National Environmental Policy Act requirements are not applicable overseas, the Air Force is conducting environmental reviews in accordance with E.O. 12114 to assess what environmental problems may exist as a result of

closures/force structure changes. Information from the environmental review process will be used to address claims for environmental restoration during the closure negotiations with host governments. Our problems overseas will continue to magnify with the lessening of tension in Europe and the growing environmental awareness by NATO alliance countries.

In conclusion, we are proud of the progress we have made in cleaning up hazardous waste sites and avoiding compliance problems by investing in research and development, waste minimization and training. The Air Force's environmental program is expanding and becoming more complex due to growing regulatory requirements. We recognize an increasing level of resources is necessary to carry out our environmental responsibilities and have taken some steps to help ensure these resources are available. ECAMP will give our senior leaders an essential management tool and our restructured EPCs will add the needed senior level emphasis on compliance. These initiatives and the many others I have addressed are integral to the Air Force's continuing commitment to environmental compliance.

Senator DIXON. You ought to be in the Senate, Mr. Berteau.

You touched upon in your remarks something that I do not say did violence with what I had previously understood on the base closing question, but I thought was at odds with what I had originally understood. Maybe not, when I clarify it.

You were talking about the worst first policy you follow and then I thought you said that in base closings we are going to follow that policy also, so that if a base is really bad, we would clean it up, obviously; I get the impression if it is not so bad, we will not.

Mr. BERTEAU. I misled you, Mr. Chairman. There are really three different pots of money out of which you can pay for the clean-up. For one of those pots of money, the Defense Environmental Restoration Account, we will continue to follow the worst-first, just for eligibility for funding out of that.

In terms of the schedule, it does not mean that if you are not worst-first and therefore eligible under the Defense Environmental Restoration Account that the base that is being closed and needs to be cleaned up will not be funded. It means that the funding has to come out of one of the other two pots of money.

Senator DIXON. I see. I had the impression on the base closing that there was sort of assurance in that before you would close a

base and turn it over for general use, you would be sure you had it cleaned up so that we would not be exposing ourselves to liability and things of that kind.

Mr. BERTEAU. Absolutely. We have a commitment to do that clean-up. Before we release it for unrestricted use, we have to. We are liable, under the law, both before and after doing so for things that occurred while we were there, so we have a very strong incentive to do so. In addition, as you well know, the whole process of the bases being closed under the Base Closure Commission Act is predicated upon us saving money, and those savings do not materialize until we get the land sale proceeds, and obviously we cannot sell the land until in fact we have cleaned it up. So we have a tremendous economic incentive to do those things right and in a speedy way.

Senator DIXON. I think, then, we are both on the same track, and I appreciate that clarification. I felt that you left some other type of impression just in your brief comment on the worst case first policy, but I now understand you to be saying that we will follow a policy of being careful to avoid liability as we turn these bases over for other uses. If a base did not meet a worst case standard but needed some cleanup to be in shape to avoid liability when we pass it over for other use, you would see that was done before that would occur?

Mr. BERTEAU. Yes, sir.

Senator DIXON. Good. I appreciate that.

Mr. BERTEAU. We are programming the money to do that.

Senator DIXON. Ms. Schafer, as I understand it I can just kind of jump around among you folks, and you can yield to one another, whatever, and I always say this because I know that when Senators go to the floor they always take an aide with them on the subject matter at hand to help supply details. If any of you need assistance from any of your colleagues behind you there, feel free to ask.

Ms. Schafer, I notice in your statement that implementation of the Clean Air Act will cost the Navy alone \$2 billion. I wonder if you could elaborate upon that for us, what period of time will it cost, and on what do you predicate that kind of an estimate?

Ms. SCHAFFER. Certainly, Senator. First of all, the estimate is based only on the capital expenditures that we believe will be needed to comply with the administration's proposal. When the bill was developed, a Navy team of specialists looked at the known air sources for which the Navy is responsible, particularly at our industrial facilities, and tried to get an idea of what it would cost to comply. So that \$2 billion is a capital expenditure expense, not an operation and maintenance expense.

Senator DIXON. Could you address that in a more finite way? Oversimplification of it—are you talking about scrubbers and things like that—on that \$2 billion capital outlay?

Ms. SCHAFFER. I am not sure if scrubbers is the appropriate technology that would be required, but it would be hardware type of technologies, rather than operational changes.

Senator DIXON. Are you talking about utility type operations?

Ms. SCHAFFER. Utilities and other industrial facilities, emission sources that would be associated with our industrial side.

Senator DIXON. I must confess that—I do not mean this argumentatively—that is a fairly high number. In other words, if I were to extrapolate that into the societal experience around the country, the number on that feature alone in this bill has to be vast.

Ms. SCHAFER. Well, it reflects a couple of things. The Navy is a pretty big operation, and certainly you would expect to have some significant costs associated with all of the activities that the Navy engages in.

I want to emphasize that this is not a complaint.

Senator DIXON. I do not take it as such.

Ms. SCHAFER. The \$2 billion is not a complaint on our part. What I think it is a reflection of, and we certainly support the administration's effort in this regard and we know that clean air is certainly not going to be cheap, but we think it is worth it.

Senator DIXON. Be assured that I am not trying to be partisan or argumentative about that. But you see, one of the things that was part of the discussion in this whole debate that has lasted since the beginning of this session until it culminated last night, is that nobody really knows the cost, and that the cost is probably significantly higher than anybody suspects.

I do not mean this offensively to anyone here, but if outside this room people knew the cost of just cleaning up what we have on our military installations around this country, steps one and two are fine. When we really get around to cleaning these bases up, everything else in this military budget is going to go down.

That has to go up even more dramatically than what you are asking for this year, Mr. Berteau, for us to cut the mustard there is a tremendous amount of expense in this. If you are suggesting to me, and again I do not want to be argumentative, that the Navy installations alone in the country—for instance, I know Great Lakes has a pretty big utility plant operation there—naval operations alone are going to cost \$2 billion under the Clean Air Act. Man, oh man, when you put that through our whole experience in the country, I would hesitate to take a guess, but it has got to be pretty high in double figures.

Ms. SCHAFER. One thing I want to emphasize also, Mr. Chairman, is that this is an effort, or part of an effort by us to do a better job of estimating what our overall cost of compliance is going to be—

Senator DIXON. Yes, ma'am.

Ms. SCHAFER. So that we can let the committee know up front what we expect these to be so we can plan for our own budgets.

Senator DIXON. You are telling this committee to be prepared for that kind of assumed expense, over what period of years, Ms. Schafer? In other words, get cracking on that right away when the bill becomes law.

Ms. SCHAFER. About a 10-year period.

Senator DIXON. About a 10-year period.

Mr. BERTEAU. Mr. Chairman, if I might add to that across the board.

Senator DIXON. Mr. Berteau?

Mr. BERTEAU. Ms. Schafer already reflected on the fact that the shipyards are in fact a very large operation.

Senator DIXON. Yes.

Mr. BERTEAU. They are by far the largest industrial operations.

Senator DIXON. Yes.

Mr. BERTEAU. In addition, virtually all of them tend to be located in areas where the overall air quality is not the highest.

Senator DIXON. Yes.

Mr. BERTEAU. So there are difficulties they will face there. We do not have an overall DOD estimate, but my own best guess—

Senator DIXON. That was going to be my next question.

Mr. BERTEAU. My own best guess was, we are probably not going to be looking at double figures. We are going to be looking at several billion dollars. However, the expenditures will be spread out over a period of 8 to 10 years, and they will be military construction moneys, so obviously they will be spread out over a period of some time.

Senator DIXON. Your best guess, Mr. Berteau, in the services alone, the Department of Defense's responsibilities. Ms. Schafer says the Navy is \$2 billion. What would you extrapolate from that is a total cost in the defense sector alone?

Mr. BERTEAU. My own personal best guess is that the Navy is going to be at least half of the total.

Senator DIXON. So about \$4 billion for the Department of Defense alone to meet the clean air standards?

Mr. BERTEAU. That is not a Comptroller number. That is not based on any facts at all.

Senator DIXON. In other words, do you consider that to be a fairly reliable number?

Mr. BERTEAU. No, sir. I would not place any reliability on that at all. We do not really have any estimate, Senator. I am just guessing.

Senator DIXON. It is just as reliable as all the other numbers we talk about around here.

Mr. BERTEAU. I am just guessing.

Senator DIXON. Just so we have the record straight on that.

Mr. BERTEAU. The Army and the Air Force may have some numbers.

Mr. VEST. Mr. Chairman, if I may?

Senator DIXON. Mr. Vest?

Mr. VEST. I am having some difficulty restraining myself here.

Senator DIXON. Well, do not restrain yourself. Jump right in.

Mr. VEST. I think what we are talking about here is something that is symptomatic of a challenge that the entire Department has to address in all environmental matters, which is that it is extremely difficult to identify what the requirements are in advance.

It is largely a function of the way we legislate and create environmental requirements in this country, because as you undoubtedly know, we are subject to regulations that are implemented pursuant to public laws that come from administrative actions that are sometimes several years after the law is passed. We are subject to regulations at the State level, at the local level, and oftentimes there is no way of knowing how those things are going to play out.

So clearly one of our greatest challenges is at every one of our installations being able to aggregate those requirements—often, they are slow in coming—and build multi-year programs so that we can in fact identify long-term costs. It is a tremendous challenge, and it leads to bad figures.

Senator DIXON. I am trying to get a ballpark figure, and for now I am going to assume that the ballpark figure that you do not base your reputation on, but you think is somewhere in the ballpark area of about \$4 billion is the cost under the Clean Air Act for what the services are going to be expected to do and the Department of Defense is going to be expected to do?

Mr. BERTEAU. That is certainly, to me, much more likely than something on the order of \$10, \$12, or \$15 billion.

Senator DIXON. I am always pleased to see the distinguished senior Senator from South Carolina here, who is such a valuable member of this Subcommittee and the committee. We are delighted to have him here this morning, and I recognize him.

Senator THURMOND. Thank you very much, Mr. Chairman. I will just make a brief statement.

Mr. Chairman, I join you in welcoming our distinguished panel to today's hearing on the Department of Defense's environmental program funding request for fiscal year 1991.

Mr. Chairman, during previous budget hearings, we have listened to the woes of our witnesses about cuts to their particular programs. Today, it is a pleasure to read in Mr. Berteau's prepared statement that the Defense Department's request for environmental programs reflects a 31 percent increase over last year.

The Defense Department, following the lead of the rest of the Nation, has come to the realization that environmental problems are serious and must be resolved as soon as possible. Secretary Cheney deserves a great deal of the credit for instilling new vigor into the Department's environmental program, and he has my support in this endeavor.

Mr. Chairman, although I am encouraged by the Department's initiative in the environmental arena, I have concerns regarding the funding of the program, especially when I read statements which indicate that future reprogramming may be in order. The clean-up of the environment is important, but it must be done in a deliberate and rational manner. We cannot, and I will not, let these clean-up programs turn into a B-1 program, always pouring money into the program and not getting the desired results.

Mr. Chairman, I believe the most important step in cleaning up our military installations is prevention of environmental damage. The services are at the forefront of this challenge and deserve our encouragement and support.

Thank you very much, Mr. Chairman.

Senator DIXON. I thank my distinguished friend from South Carolina. Does he have any questions that he would like to ask of this panel at this point in time?

Senator THURMOND. I have some questions, but did you want to go on with other questions?

Senator DIXON. Well, I might, and you might review yours, and I will return to you in a moment, may I say to my friend from South Carolina?

Senator THURMOND. That will be all right.

Senator DIXON. Mr. Berteau, March 23rd, "USA Today: Military seeks air law immunity. National security risk cited.

"The Pentagon has drafted an order for President Bush's signature that would exempt the military from clean air laws being de-

bated in the Congress. The military also would be exempted from State or local air quality laws because such regulations could affect national security.

"According to a copy of the proposed order obtained by USA Today, the exemption would apply to all branches of the military. The order calls for the Environmental Protection Agency to examine the military's exemption and establish a special set of standards for DOD."

Any truth in that?

Mr. BERTEAU. It is a bit of a misleading article. There is, in fact, a consideration of something like that underway. The concept of the idea behind that is not for exemption, but in fact to wrestle with a way where those things that are militarily unique, and therefore are in a sense different than anything else the country does, that we strive for some kind of a national standard so that we can operate in a way that is consistent with our broader mission to be able to do that.

I think it is very important to point out that Secretary Cheney and Deputy Secretary Atwood feel very strongly about this. They recognize, in fact, the possibility that moving in that direction might not mean you go to the lowest of the national standards, but in fact you might go to the highest of the national standards, which rather than an exemption would actually be an additional burden and would require us to comply with standards in some parts of the country that might go beyond the local or State requirements. We feel we would be willing to accept that in order to have the ability to execute our mission that we need to have.

Senator DIXON. I thank you for that reply.

I wonder whether it would be feasible for somebody in your shop to give us an opportunity to do a little brief oversight hearing of an hour or two on that, prior to the time that you issue that regulation, if you anticipate doing so, in order for this committee, which is kind of jurisdictional on the subject matter, to understand the direction in which you are moving?

Mr. BERTEAU. The ultimate decision, obviously, will be one made by the Administration, so I am not sure that I can commit to doing that, but I would certainly endeavor to keep the staff informed as to where we stand on there and it would be at your discretion what you do with that information.

Senator DIXON. If you could give us a copy before you sign off on it for us to take a look at, there might be some thoughts that we would suggest in the process that would be helpful to you. I recognize the fact that short of passing a law of our own, you certainly have the power to go ahead on your own rules and regulations, but it would be an accommodation if you would be kind enough to consider it.

I am going to yield back to my colleague from South Carolina, and then I see my friend from Alabama is here, so we should have some questions beginning to unfold.

Senator THURMOND. Thank you very much.

Senator DIXON. The Senator from South Carolina.

Senator THURMOND. Mr. Berteau, last year, Mr. Parker, the Deputy Assistant Secretary of Defense for Environment discussed the Department of Defense's total quality of management of the

hazardous material program. As I recall, the approach of the program was to explore up front ways to eliminate hazardous waste. Would you please comment on what progress you have made in this program?

Mr. BERTEAU. We have been making tremendous progress, Senator Thurmond. We have, throughout our entire logistics and maintenance community, committed to a goal of reducing our hazardous waste generation 50 percent by fiscal year 1992. Every indication we have says we are well on the way to probably exceeding that goal by the time we get there, so we are taking a very, very aggressive approach to reducing the generation of waste across the board, and therefore essentially solving the problem before it is created rather than having to go back and clean it up afterwards: I think each of the services would be happy to give you more details on some specifics there, if you would like.

Senator THURMOND. Mr. Berteau, your discussion on our overseas bases environmental obligations was most informative. I believe that this is the first time this issue has surfaced before this subcommittee.

Despite the fact, we have some obligations in cleaning up the bases we leave in Europe, I expect that funding this cleanup will be controversial. Although I understand the Defense Department is only beginning to look into this issue, do you have any estimates of what the costs of environmental cleanup of these overseas bases might be?

Mr. BERTEAU. I do not have an estimate, Senator, but I think that in the aggregate we are not likely to have to pay any money out of our pocket at all. These facilities belong to the host nations. In many cases they are already occupied by host nation forces or forces of a third country, and whether or not those bases will continue to operate as bases of the host country or something else is a matter for negotiation as we withdraw.

In the ideal situation, what you would have is in fact a reimbursement to the United States for the residual value of the property that we are leaving behind. We do not own the land, but in many cases we built the buildings on the land.

Senator DIXON. I wish that had happened. I do not remember many precedents for that.

Mr. BERTEAU. We just got \$25 million back for the GLCM base in the Netherlands, which was, if I remember right, about 70 percent of the original cost there.

Senator DIXON. I apologize. There is an example.

Mr. BERTEAU. So we are optimistic about being able to do this, and essentially what we would do is reach an agreement on what the environmental clean-up needs to be, how much of that—I am surprised that did not make headlines.

Senator DIXON. That is right.

Mr. BERTEAU. How much of that would be the U.S. responsibility, because in many cases it is a shared responsibility for having generated the situation in the first place, and then that would be deducted from the residual value so that it would just be an offset there. We are fairly optimistic. We are not going to end up paying a lot of money at all for that sort of thing, with respect to, for ex-

ample, the bases we would leave because of the Conventional Forces in Europe Treaty, when it is signed.

Senator THURMOND. Mr. Berteau, in your statement you indicated that by the end of the last fiscal year projects for study, design or clean-up were going at almost 4,500 sites located on 357 installations.

Mr. Berteau, could you tell this subcommittee how many of these installations are currently active military installations and how many are closed facilities?

Mr. BERTEAU. I will have to provide that for the record, Mr. Chairman, but I think the substantial majority of them are active installations. It may be almost all of them, but I will give you the exact number for the record.

Senator THURMOND. What is your answer?

Mr. BERTEAU. Almost all of them are active. Not a lot of them are closed, but I will get you the exact number for the record.

[The information follows:]

By the end of fiscal year 1989, there were 14,401 identified IRP sites on 1,519 military installations. In addition, there is a total of 7,118 formerly owned or used properties with potential for inclusion in the program. The investigation and cleanup procedures at formerly used sites are similar to those at currently owned installations. Determinations about the origin of the contamination, land transfer information and current ownership must be made before a site is considered eligible for restoration by DOD. Specific information about cleanup status for both current and former sites is contained in the Department's annual report on the Defense Environmental Restoration Program, as required by 10 U.S.C. 2706.

Senator THURMOND. Mr. Vest, in your statement you indicate that the Air Force has invested over \$50 million in research and development for the installation program. You cite that your efforts include in-place treatment of contaminated sewers in ground water, and removal of volatile organic compounds from ground water.

Is this research unique to the Air Force, and do you share the results with the other services so there is no duplication of effort?

Mr. VEST. Senator, some of the research is unique, and one of the things that we always try to do before we begin research is to see what is being done in the private sector and even more importantly what is being done by the other services.

There is actually a formal coordinating group within the Department of the Defense that pre-coordinates all the research that we are doing in this area. Indeed, when we finish it we share it at our Research and Development Center in Florida. We have folks down there that are focused on technology transfer, and I might add that one of the reviews that I had conducted several months ago was to take each and every project and have the research folks tell me what, in fact, was happening with the results and if we were getting a return on the investment.

With your permission, I would like to forward the results of that study to the committee so that you can actually see what kind of return we are getting on investment and how we are applying our research and development dollar to real-world problems.

Senator DIXON. We would appreciate having that, Mr. Vest.

[The information follows:]

The information concerning DERA research payoffs is provided in the attached point paper.

The information concerning DERA research payoffs is provided in the attached point paper.

POINT PAPER

ON

DERA RESEARCH PAYOFFS

- From FY85 thru FY 89, the Environics Division has received almost \$48 million in DERA R&D funds
- Funding used in three broad areas: IRP related
 - \$24 million; HWM related - \$7 million; and dioxin cleanup - \$17 million
- Conducted field studies/technology demonstrations at nineteen bases
 - Four technologies became basis for remaining cleanup actions at the base where study conducted
- Funded 43 laboratory studies to address technology shortfalls
- Technology Transfer Initiatives
 - Technology transfer within the AF
 - 1988 Technology Transfer Conference 50 MAJCOM personnel attended
 - 1990 Technology Transfer Conference is joint project w/DOE
 - Over 50 telephone consultations per month to engineers at bases
 - Initiated formal Product Division relationship with AFESC/YE and HSD/YAQ
 - Information transferred outside the AF
 - 30 technical reports, 53 professional publications
 - Exhibits at eight national meetings
 - Cooperative programs with DOE, Army, and Navy
- Benefits of IRP related full-scale field demonstrations
 - Soil venting project cleaned up large JP-4 spill on Hill AFB NPL site

- Validated technology for JP-4 fuels
- Established cost at \$13/yd³--previous EPA test \$50-73/yd³
- Combination of soil venting with catalytic incineration could save \$45M if applied to 50 similar fuel spill sites
- Air stripping of contaminated groundwater at Eglin AFB/Wurtsmith AFB
 - AFESC continues to improve on established national lead in air stripping research
 - Identified acid wash procedures to reduce operational problems from iron precipitation
 - Proved rotary air stripping is alternative for special situations
 - New crosscurrent air stripping design can reduce operating costs by 30 percent over 30 year operation
 - Catalytic oxidation units at Wurtsmith AFB are providing regulatory compliance with air emission regulations
- In situ biodegradation tests at Kelly AFB/Eglin AFB/Tyndall AFB
 - Published three "Technology Updates" to rapidly inform MAJCOMs, making them smart consumers of the technology
 - Provided McChord, Holloman, Griffis and other bases with pilot testing protocol, saving several million dollars from being spent needlessly
 - Discovered limitations of bioremediation, providing challenges to the commercial bioreclamation industry
- On-site incineration to clean soils
 - Operated rotary kiln incinerator to decontaminate dioxin from soil at NCBC, Gulfport MS
 - Worst case because special needs for dioxin destruction
 - Providing MAJCOMs with information on contract specifications, cost, reliability and maintainability regarding on site incineration
- Demonstrated advanced soil monitoring technologies
 - Tested soil gas screening technique at Robins, Tinker, Phelps-Collins and Holloman AFBs

- Techniques for sampling and data interpretation in use at HSD/YAQ and OEHL
- EPA including the information in site investigation guidance manuals
- Provided participating bases with additional waste site data
- Developed new volatile organics monitor--cut routine analysis costs by 50 percent
- Accepted by EPA Region V and Michigan as alternate test procedure for trichloroethylene
- Upgraded system being tested at Castle and Wurtsmith AFBs will expand capability to analyze eleven compounds
- System cheaper than contracted analysis if more than 10 samples per week are analyzed
- Evaluated seven commercially available fuel leak monitors provided reliability/accuracy data to MAJCOMs.
- Final report (available to field in May 1990) will give bases guidance on establishing UST monitoring networks
- Radio frequency soil heating is promising new technology
- 99 per cent removal of organics from pilot scale test at Volk Field
- One third the cost of excavation and incineration
- Full scale test planned for Kelly AFB Site E-3 beginning CY90
- Evapotranspiration landfill cover at Hill AFB Landfill #4
- Reduce cost of landfill covers which is currently \$1 million per acre
- Evapotranspiration maximizes use of indigenous materials with natural vegetation and gravel drains
- Benefits of IRP related laboratory work
- AFESC recognized world leader in biodegradation technology
- Responsible for research that proved trichloroethylene could be degraded; provided impetus for several field study methods
- First laboratory to identify biodegradation pathway of o-dichlorobenzene

- Assistance to Army, Navy, DOE, and EPA biodegradation efforts
- Subsurface contaminant fate and transport research basis for long term site remediation decisions
 - Shared with US Geological Survey, the development of SUTRA, a national standard model for groundwater transport
 - Identifying potential schemes for remediation
 - Non-equilibrium sorption kinetics indicate a pulse pumping strategy is feasible
 - Chemical tailing phenomena will extend treatment time for complete remediation
 - JP-4 interaction with soil and groundwater too complex to be resolved with one cleanup technology
- Hazardous Waste Minimization R&D Payoffs
 - Ferrous sulfate/sodium sulfide (Fe/S) metals reduction process
 - Reduces toxic chromium and removes other heavy metals from electroplating and industrial wastewater
 - Reduced treatment chemical costs, generating only 8 percent of the amount of sludge as conventional treatment
 - Best example of technology transfer
 - Implemented full-scale system at Tinker AFB
 - \$655K will be saved per year at Tinker AFB; similar savings expected at the other Air Logistic Centers
 - Air Training Command investigating down sizing technology to meet their needs
 - Navy has plans to install at six facilities
 - Licensing agreement will commercialize technology with royalties to the laboratory
 - Won Federal Laboratory Consortium award for technology transfer
 - Plastic media blasting waste treatment
 - Plastic media blasting is an alternative to chemical stripping of paint from aircraft

- Reduces 30,000 gallons of liquid waste to 1,500 pounds of solid waste (F-4 aircraft)
 - Media waste still classified as hazardous due to heavy metal
- Liquid density separation will reduce waste volume by 95 percent
 - Potential savings of \$350K in first year of implementation
 - Field demonstration beginning FY90; available to field in 1992
- Full scale biodegradable solvent testing at Tinker AFB ends FY90
 - Eliminate hazardous waste disposal and long-term liabilities of halogenated and petroleum based solvents
 - Screening of 250 solvents resulted in five which can replace existing toxic solvents
 - Potential Air Force-wide savings of \$4 million yearly in waste disposal costs
 - Solvent purchasing specifications already being changed
 - Developed new standardized test procedure for future products
 - Expect ASTM approval in CY90
- Ion vapor deposition (IVD) of aluminum to eliminate cadmium electroplating
 - Field demonstration at Warner Robins AFB during FY 90/91
 - Can save about \$250,000 per year for disposal, treatment, and labor costs at a typical Air Logistics Center
 - Eliminate cyanide treatment (\$169,000/yr at Tinker AFB)
 - Health and safety problems eliminated
 - Improved coating performance
 - Lower manpower requirements (Kelly AFB study - \$74,753/yr)

- Cost competitive - (Cost per part): \$105 IVD versus \$105 bright Cad; versus \$142 Low Embrittlement Cad; versus \$135 Diffused Nickel Cad
- Noncyanide stripping solutions to replace cyanide stripping baths
 - Full scale demonstrations starting at Kelly AFB
 - Multi-faceted approach to achieve zero discharge goal for hazardous waste
 - Screening and testing commercially available noncyanide strippers as replacements for cyanide strippers
 - Developing noncyanide stripper for precious metals, a special AF requirement
 - Determining used stripper impact on wastewater treatment plant
 - Can save an ALC like Kelly AFB about \$390,000/yr in treatment and production costs and can reduce future liabilities
 - Health and safety problems eliminated
 - Improved production
 - Future savings will increase dramatically when Clean Air Act amendments regulates cyanide emissions to atmosphere
- Waste minimization technologies under development or initial testing
 - Elimination of all electroplating baths
 - Spray casting technology for general purpose, good quality plating requirements
 - Extending capability to hard metals, e.g., chromium
 - Laser enhanced jet electroplating for high quality plating
 - Plating rates 50 times conventional electroplating
 - Significant economic and environmental benefits
 - Process produces no hazardous waste
 - "Closed loop" system, return of all strategic materials

- Eliminate cyanide waste treatment costs
(\$169K per year) -
- Paint removal alternatives
- Current paint strippers are toxic and are
hazardous wastes
- Control equipment to capture air emissions
required
- 1200 gallons/day/base of paint stripping
waste drummed and hauled off as RCRA
hazardous waste
- Evaluating commercially available biodegradable
paint strippers and alternative paint stripping
processes (e.g., flash-lamp stripping)
- Full-scale demonstration planned for FY 92

Senator THURMOND. Mr. Vest, the problem the Air Force is having with the Holloman Air Force Base sewage treatment plant, in my judgment, is not unique, and points out how the environmental laws are sometimes carried to the extreme. Do you have a recommended solution to the problem, and how can this Subcommittee assist you in resolving the problem?

Mr. VEST. First, Senator, I agree completely with your conclusion. As you can tell by my statement, this is one of the things that baffles and bewilders us as to how we can justify using the public's dollars to deal with a problem that is essentially a nonproblem.

The Air Force cannot solve that problem, and I think one of the things that everybody simply has to understand is that the Military Departments are regulated industries. No different from any other industry, we do not have the ability to make the decisions in the case of Holloman or many of the other kinds of clean-ups or compliance areas, so we must do what we are told or we are faced with a compliance action and sometimes we are taken to court.

My personal belief on the Holloman issue is that a minimal amount of money would be more than sufficient to clean up a bit of the hazardous material that is in that lagoon. I have grave concerns that over time we are going to end up in the Department of Defense spending a tremendous amount of money on problems that, if you rack them up in the total national priorities, it would be 50 to 100 years before we would ever get around to saying that is important enough to spend the public's dollars for, and I think Holloman is a very good example of that.

Senator THURMOND. I believe my time is up, Mr. Chairman.

Senator DIXON. I thank my friend from South Carolina, and I recognize the distinguished Senator from Alabama, Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman. Secretary Berteau, in your testimony you describe that the Department of Defense is fully committed to the clean-up of each closing installation—each base—and I believe you go on to state, as you study candidates for

base closures, which I know you are going to do, you are assessing all the environmental issues.

Mr. BERTEAU. Yes, sir.

Senator SHELBY. Fort McClellan, you are probably familiar with this installation in my State of Alabama, is on the latest list for base closure. Were you, or any members of your staff, or for that matter Mr. Walker of your staff, made part of the base closure decision-making process?

I say this, because as you well know Fort McClellan is the home of the Chemical Corps, and if you have got an environmental problem in America, you are going to have it there.

I also notice that this post is not on the national priority list. Is that correct? Will it take four years to do an environmental impact statement before they can begin construction of a chemical decontamination facility?

Mr. BERTEAU. Let me go back to your first question.

Senator SHELBY. We will take them one at a time.

Mr. BERTEAU. I will ask Mr. Walker to talk about the specifics.

It is important to point out first of all that in fact there has been no decision on Fort McClellan, or indeed on any of the other 35 installations that are currently under study, so I cannot say that either I or my staff or any of the rest of us participated in the decision-making process, because there has not been one.

But yes, we were part of the process that determined the list to study, if you will. However, part of that study is in fact the environmental assessment both required under NEPA and required under Section 2687 of Title 10. Those are underway right now. In fact, for all 35 bases they are underway. They are also, obviously, underway for Fort McClellan. The concerns you raise are obvious. They are in fact part of that study and will be part of the assessment before a decision is made there, and part of the question would have to be those transfers and trade-offs of the consequences.

Dee, do you want to add something to that?

Mr. WALKER. We are underway with doing the environmental impact statement, and in that process—

Senator SHELBY. You are speaking of Fort McClellan now, are you not?

Mr. WALKER. And the proposed—and we have to go through the proposal. But in the alternative analysis of where we move the chemical training facility that will be considered.

Senator SHELBY. If you move it at all, right?

Mr. WALKER. If we move it at all, yes. If we move it at all, that will be one of the considerations in your analysis of alternatives, and we are not there with the completion of that analysis of the alternatives.

Senator SHELBY. Would you say, though, that when you are dealing with a base that houses something like the Chemical Corps that it would be an unusual, or not unusual, an extraordinary undertaking as far as environmental studies are concerned, over and above the ordinary base?

Mr. WALKER. That is correct. It has a unique facility there that we have to consider.

Senator SHELBY. And unique problems?

Mr. WALKER. That will be addressed as we go through the environmental analysis. We have been monitoring the environmental conditions there over several years, and we have had our preliminary studies to determine whether it would be considered for the national priority list. We do have a few minor clean-up operations in progress under the Defense Environmental Restoration Account, certainly.

Senator SHELBY. Did DOD—Mr. Secretary, did you take into the possible cost of environmental clean-up before making the decision?

Mr. BERTEAU. No, sir. The Secretary—

Senator SHELBY. Why not?

Mr. BERTEAU. Let me describe the process by which we arrived at what is on the list. Number one, the Secretary of Defense knew that all he could do was, in fact, announce the list of candidates for study, and therefore that the studies would need to define—

Senator SHELBY. Sort of like the recommendations?

Mr. BERTEAU. Yes, sir. He had two choices. He could either start the studies without announcing it to you and the world, or he could in fact announce it to the world—

Senator SHELBY. And let it leak out.

Mr. BERTEAU. He elected to put it all on the table right at the beginning. It had the impact with which we are all familiar, and I will be back here in a couple of weeks to discuss that in greater detail before this very subcommittee. He knew that those studies had to be done—the environmental studies as well as a whole host of other studies, that they would take a considerable amount of time, and that the full costs and impacts of any alternatives would be part of the decision, so he did not say “before I even announce it for study I am going to study how much it is going to cost.” We will go ahead and go through that process of assessing alternatives.

Senator SHELBY. Mr. Berteau, how many interagency agreements do you have in place for the clean-up of the DOD sites?

Mr. BERTEAU. I have the number here somewhere.

Senator SHELBY. Can you furnish it for the record to this Senator and the Chairman?

Mr. BERTEAU. I will be glad to.

[The information referred to is provided in response to question for the record No. 3.]

Mr. BERTEAU. It is a considerable number. I believe we have something on the order of 37 of those now, and a number of others underway, for the national priority list sites. Out of the 87 sites that were on—

Senator DIXON. My note indicates 41 DOD facilities on the National Priority List.

Mr. BERTEAU. I think that is probably right.

Senator DIXON. 46 more are proposed to be added—

Mr. BERTEAU. Yes, sir, and most of those are in negotiations already.

Senator SHELBY. How many of the interagency agreements cover these National Priority List sites?

Mr. BERTEAU. That is what they are, yes sir. They are for the National Priority List sites.

Mr. VEST. Senator, may I make a comment?

Senator SHELBY. Sure. Go right ahead. I did not want to leave you out. We thought you were in the process.

Mr. VEST. Just yesterday I visited one of the Air Force bases that is on the National Priority List. Within that week the interagency agreement was signed, and one of the observations that I want to share with you is on behalf of our people at that installation, and I have run into it before, is the negotiation of an interagency agreement and the execution of that agreement in effect makes a slower more complicated clean-up process.

Now, I am not taking exception with the law or the requirement, but what must be understood is that it takes longer, it costs more and it is more difficult for the regulated entity, in this case a military department, to actually get to clean-up.

Senator SHELBY. My time has expired. I will get another round, I think.

Senator DIXON. I thank the distinguished Senator from Alabama. Mr. Berteau—incidentally, how do you pronounce it? Each of us is pronouncing it a little different.

Mr. BERTEAU. I pronounce it Berteau.

Senator DIXON. Berteau.

Mr. BERTEAU. It is Cajun, but it got combined with Southern Baptists along the way in terms of accent.

Senator DIXON. I will tell John Breaux that he has a colleague in the Department of Defense.

Mr. Berteau, in your prepared text you mention that legislation is currently under consideration that could require DOD to bring back all solid wastes, including trash, refuse and hazardous waste, to this country from overseas bases for disposal. Is that a fact?

Mr. BERTEAU. Yes, sir. That is my understanding, and I could get you the specific bills that are under consideration. None of them have been marked up or are out of committee yet, but we are obviously concerned that that might go a little further than would be wise.

Senator DIXON. In this clean air debate we just went through this whole business of why we are going to impact all of these environmental standards on American business while everybody that competes with us does not comply. The last vote we had yesterday, we permit Canada to continue to sell energy in the United States while we pass a Clean Air Act to clean up their lakes in Canada. Now we are going to take all the waste that we leave in other countries and bring it back home.

Mr. BERTEAU. I would hope that legislation would never become reality.

Senator DIXON. So do I.

Mr. VEST. Senator, this has already occurred in the area of hazardous materials. The United States Air Force has brought PCB-contaminated oil and transformers from Turkey, flown them on C-5s to this country for disposal, because we are not allowed to dispose of them in Turkey.

Mr. BERTEAU. However, we bring some to the United Kingdom, for example, where we do have disposal there as well. But we have this problem already.

Senator DIXON. How do you get rid of your hazardous waste and other waste—solid waste in other countries? I suppose you have contracts with some kind of an agency there?

Mr. BERTEAU. Yes, sir. It varies from country to country.

Senator DIXON. The equivalent of waste management? There is one big one, I know, in Europe. I cannot recall the name. It is competitive in the international marketplace.

Mr. BERTEAU. It varies from country to country. In some cases we dispose of it in-country. In fact the Defense Logistics Agency, which does those disposals, puts the same restrictions in terms of the evaluation of the capability of the company and so on as they do in this country.

Senator SHELBY. Mr. Chairman, would you yield for a quick observation?

Senator DIXON. Sure.

Senator SHELBY. I had gone out just a second. You were talking about bringing hazardous waste back to the United States? I would hope to heck you would not bring it back to Alabama. We have got one down there that is a Cadillac——

Senator DIXON. Well, it is lucky you came back in the room. We were just going to put it down there. [Laughter]

Senator SHELBY. We want to export waste, not import it, I will tell you that. Thank you for yielding.

Senator THURMOND. All the States feel that way.

Senator SHELBY. South Carolina has had their share of it, too, have they not?

Senator DIXON. What process are you going to use for determining where we are going to start withdrawing forces, I think in fairly substantial numbers quite shortly? We all know the bottom line of what the President suggested in dropping that 305 to 195 in Europe, and I expect there will be changes in Korea and a lot of other places.

Are you evaluating what you will do with respect to this as we withdraw these forces, and I presume leave some of these bases? What do you anticipate will be the policy that you will follow with respect to that?

Mr. BERTEAU. With respect to the environmental issues in particular?

Senator DIXON. Yes.

Mr. BERTEAU. What we are looking at is essentially setting the baseline of where we are and determining who is responsible for which piece of that contamination, or whatever it would happen to be. We are already underway at a vast number of the bases that are likely to be impacted by this. That would be part of, on a base-by-base basis, although we will follow some protocols and models across the board, for a negotiation with the host country as to who is responsible for what and how we are going to resolve that responsibility.

Our immediate policy is, we will take care of any threat to health and human safety before we vacate. We do not have to wait until the end of the negotiations before we will withdraw the forces. Those negotiations could in fact go on.

The Army and the Air Force have been very active in that. Both Dee Walker and Gary Vest have been very active in that and can describe to you in more detail, if that is of interest to you.

Mr. VEST. Senator, I could just simply add there is a plan, there are people working very hard today. We will know what it is we need to do that will feed into the negotiations, and it is our commitment to act very responsibly as we vacate any piece of property anywhere in the world.

Senator DIXON. How much this year is involved in what you call—is it called Step 3—where you actually start? You have done all the studying, you have made the evaluations, you have got it all figured out, now you go there to start doing it.

Mr. BERTEAU. Overall in the environmental restoration fund we have in the remedial action phase we have 107 sites complete, 347 underway, and 462 which are scheduled for future actions. I can get you the dollars associated with those in the aggregate. I would have to provide that for the record, though.

[The information follows:]

For fiscal year 1991 the estimated costs for those in the aggregate are \$536 million.

Senator DIXON. Can you give me the benefit of a judgment call about how much we are actually spending in real dollars this year in actually going into places with people and starting to really clean up? Just ballpark. Can anybody help at all? I just want to get a—

Mr. VEST. I can give you something for the Air Force. Thirty four percent of our program this year is clean-up. That is 34 percent of \$167.7 million. The trend I think is what is significant. I am sorry, we are 39 percent this year. In fiscal year 1989 we were at 34 percent actual clean-up, 1990 was 39 percent, and in the coming fiscal year, 62 percent of our program will actually be clean-up.

Senator DIXON. Could I interrupt at this point and ask others here if roughly that kind of percentage figure would fairly extrapolate through the other branches of the service? In other words, Mr. Vest, I am going to call you as saying 30 to 40 percent is actually being spent on real, honest-to-God clean-up right now, those dollars. Could that be roughly correct across the whole—

Mr. WALKER. Mr. Chairman, it is slightly more than that for the Army. We are between 40 and 45, because I think what—have the benefit, we started in 1975 and have a few years advantage, and so we are getting more of our money into actual clean-up, so it is above the 40 percent. It actually approaches 45 percent.

Senator DIXON. I would like to make this point for my colleagues, because I think it is something that Members of the Senate and the Congress ought to understand. Correct me if I am wrong, and I understand we are talking ballpark here, but out of \$600 million, probably not more than roughly \$250 million topside is actually being spent at this point in time out there cleaning up. I am not holding you to that number, but—

Mr. VEST. That is fair.

Senator DIXON. So I think it is fair to state—my time is up, and I will to go to others, I see my friend here, the Senator from Colorado, who is a great leader in the environmental cause in this coun-

try. Your budget is up 36 percent for the next year—I am not quarreling with that—for this purpose. I think it is fair to state, and I say this to my colleagues here and I hope others in time will understand this, that as this defense budget goes down, down, down, down, down, down, as we expect it to go over the next few years, your budget has got to go up, up, up, up, up, up, up, up, up, up.

You have an awful lot to do out there, and very little yet being spent on it. I do not mean that critically, but is that a fair statement of what we face here?

Mr. BERTEAU. It is a fair statement with two caveats. In fact, as you correctly point out, the growth is there. Most of that growth between 1990 which we are spending now \$600 million and 1991 where we are asking for \$817 million, most of that growth will be actual clean-up.

It is true that it is going to go up, but we do not want to leave the impression that it is going to go up 1,000 percent and that it will get to \$8 or \$10 or \$12 billion a year. There is a point at which it levels off, so we are not looking at an infinite growth curve.

Senator DIXON. Ms. Schafer, I thought maybe you wanted to say something?

Ms. SCHAFER. I only wanted to add that with respect to the Navy's program, about one third of fiscal year 1990 money is going into remedial design and remedial alternatives, the actual clean-up.

Senator DIXON. All right.

Ms. SCHAFER. In fiscal 1991 we anticipate that will be more like two-thirds of the total.

Senator DIXON. I see.

Mr. BERTEAU. We are at the big jump right now.

Senator DIXON. I am glad my friend from Colorado is here. He did not get to hear you folks earlier testify about \$4 billion will be the cost for the services of his Clean Air Act.

Senator WIRTH. The reason I am late, Mr. Chairman, is I was just down at the National Association of Manufacturers—

Senator DIXON. He has been praying all morning.

Senator WIRTH. Talking to them about the Clean Air Act, and if your estimates are \$4 billion for a clean-up at the Department of Defense, imagine what they were saying at NAM about the cost of clean air. I mean, we just broke the country. We are in terminal decline as a result of passage of the Clean Air Act.

Senator DIXON. Senator Wirth, may I say this? At 10:30, I have to leave. The distinguished Mayor of the City of Chicago, Mayor Daley, is meeting with the Chairman of the Appropriations Committee, and we are going to go in there and plead our cause. I wonder if my colleague from Colorado would chair at that time, and at this point I want to again recognize the Senator from South Carolina for any further questions, and I thank my colleague.

Senator THURMOND. Mr. Chairman, thank you. I just have a few.

Mr. Vest, last year the Congress debated the cost of moving the 401st Tactical Fighter Wing from Spain to Italy. Although I supported the move because of military necessity, I am now concerned about the cost that might be involved in an environmental clean-up at the Torrejon base in Spain. Have you determined if there is any

environmental clean-up cost associated with the move, and if so, what is that cost?

Mr. VEST. We have done what we call an environmental review. We do know what is there. There has not been a cost determined yet, and the actual outcome of that will depend on the negotiations with the Spanish under the Status of Forces Agreement. So the answers I know partly, and partly it just simply has not been determined.

Senator THURMOND. Mr. Walker, you state that you have a \$32 million unfunded requirement in the hazardous waste minimization initiatives for fiscal year 1990. Since these initiatives are designated to reduce the Army's waste generation by 50 percent by December 1992, I would expect that this program has the highest priority.

Would you give us the details of the shortfall, and do you believe it is realistic to assume that the Army will receive additional funds, specifically in 1990, to finance this program?

Mr. WALKER. Senator Thurmond, that is included in the reprogramming request that is before you. We had our priorities set for this year for very important clean-up projects that were more threatening. To continue cleanup, we had to divert money. If the reprogramming is successful, then our highest priority is to fund the waste minimization first.

Senator THURMOND. Mr. Walker, the Army experienced an increase of notices of violations in fiscal year 1989 compared to fiscal year 1988. You indicate in your statement that most of these violations were for administration violations. Have you analyzed the violations to determine the cause, and what do you expect to do to preclude similar increases?

Mr. WALKER. Thank you, Senator. I analyze the notices of violation very carefully. If it is a training requirement or something of that nature, in order to achieve better reporting, then we are reviewing and making corrections. This is so we will not get the corrections rejected. We had a very successful year for 1988 showing a substantial reduction. Most of the success is in the area of administration by trying to make sure the reporting requirements are met. Also, we must make sure that we have trained and qualified people in those positions to do the correct work. We hope that next year with the emphasis placed on training and attention to detail in the reporting requirements that we will eliminate a good portion of these notices of violation.

Senator THURMOND. Mr. Walker, last year we were advised that sufficient funding would be available to clean up those bases scheduled for closing. Does the Army have sufficient funding in the fiscal year 1990 budget to do all the planned environmental clean-up work scheduled for the fiscal year at the bases designated for closing?

Mr. WALKER. I think at least a portion is covered by the Defense Environmental Registration Account and it is funded. The portion that is beyond that is funded out of the other accounts. A decision has been made to fund that internally. Senator, I have been informed that for fiscal year 1990, funding is sufficient.

Senator THURMOND. Ms. Schafer, the Navy has a unique problem in processing the solid waste generated aboard ship. Could you tell us what progress you have made in this area?

Ms. SCHAFFER. Yes, Senator. We do have a big problem. However, we have made tremendous progress with respect to plastics discharges in response to legislation that was passed recently. Through operational changes we have been able to reduce overboard discharges of plastics by about 70 percent. However, we still have a large volume of solid waste with which we must deal, and we have been developing technology to place on board ships in order to reduce the space that the solid waste would take up.

By and large, a lot of the research and development parts of the process are finished. We actually are going into a design phase and hope to install some of these on the ships in the near future.

Senator THURMOND. Ms. Schafer, if I recall, your statement is the only one that lists an environmental compliance evaluation program. In tier three of your program, the naval Inspector General conducts oversight inspections of the environmental compliance program. How frequently are these Inspector General inspections conducted, and what have been the results of these inspections?

Ms. SCHAFFER. The Inspector General has developed some reviews of some of the systems commands, has shared his findings with the commanders, and they are working through the corrective actions and, in most cases, have made a great deal of progress in this area. We have had some recently on the Naval Facilities Command. Some are underway for the Naval Sea Systems Command. I think these reviews take about 6 months to complete once they begin, but these are entirely at the discretion of the Inspector General.

Mr. VEST. Senator, excuse me.

Mr. BERTEAU. If we might add to that, although the Navy may be the only one that mentioned it in their statement, all of the services have very active audit and inspection programs underway. We do thousands of self-policing investigations, inspections and audits every year, and look very seriously at the results of those, and we think we have a very, very vigorous internal investigation process in all the services.

Mr. VEST. Actually, it is in my statement. If I may add, Senator, we conducted in the Air Force 87 full installation multi-media environmental audits last year, and we had over 4,000 findings that we either corrected on the spot, had corrected shortly after the audit, or we have the corrective measures underway right now. So I emphasize, 87 multi-media audits of Air Force bases, over 4,000 findings which we are working very aggressively within the Air Force.

Senator THURMOND. Ms. Schafer, Secretary Vest indicated in his prepared statement that the Air Force is experiencing problems in retaining and training qualified environmental personnel. Would you please discuss the Navy's personnel situation in the environmental arena?

Ms. SCHAFFER. The Navy is like so many other agencies, in fact like the Environmental Protection Agency itself. The country at large has a tremendous demand for qualified individuals working in this field, both in the private sector and in the public sector. We are trying to recruit the very best people that we can. We have budgeted about 5,000 people, DOD-wide in the civilian sector for

this. The Navy share is approximately 1,500. We realize this is a pretty competitive climate, but we are doing our best to attract good people and to put them to work on our problems.

Senator THURMOND. Thank you very much. Thank you, Mr. Chairman.

Senator DIXON. Thank you, Senator Thurmond. Senator Shelby?

Senator SHELBY. Thank you. Secretary Berteau, in my State of Alabama we have had the Alabama Ammunition Plant there at Childressburg and also some of the facilities at the Anniston Army Depot that have been placed on the National Priority List.

The Alabama Ammunition Plant goes back to what, the Second World War, and has been a well-known contaminated area for many, many, many years. What status are these facilities in negotiations for a clean-up, and how much has been expended so far? What has been done?

Mr. BERTEAU. Both of those are Army. I will ask Secretary Walker to comment on those.

Mr. WALKER. As you know, Senator, we have an interagency agreement on the clean-up of Alabama Army Ammunition Plant with the State of Alabama. We have successfully cleaned up 3,000 acres of that parcel, and we have an 800-acre parcel left.

Senator SHELBY. Let me stop you a second. On the 3,000 acres that you have cleaned up, what degree of, for lack of a better word, cleanliness are these 3,000 acres?

Mr. WALKER. It has a statement of clearance from the Environmental Protection Agency and the State of Alabama that we can release that for sale. It meets all of the health and safety requirements—

Senator SHELBY. Groundwater, too?

Mr. WALKER. The problem groundwater is under the 800 acres.

Senator SHELBY. 800 or 8,000?

Mr. WALKER. The 800-acre parcel that we are retaining.

Senator SHELBY. Okay.

Mr. WALKER. How much we have spent there, I would have to—

Senator SHELBY. Can you furnish it for the record to this Senator and to the Chairman?

[The information follows:]

The funding for the Alabama Army ammunition Plant is as follows: \$9.79 million has been spent to date. An additional \$287,000 is programmed for fiscal year 1990.

Mr. WALKER. Redstone Arsenal, Alabama, as you know, was one of our early success stories of cleaning up the 900 tons of DDT residue and actually we paid a portion of that because Olin Chemical Company paid \$35 million to clean up the rest of it, and Army's cost was something like \$4 million, and that has been signed off, certified by the State as well as—

Senator SHELBY. How many acres was that clean-up site, do you know?

Mr. WALKER. Well, it involved the wetland area, which included, and so it is in the order of 1,500 acres.

Senator SHELBY. Are the ducks back in the wetlands now?

Mr. WALKER. I think they are fully utilizing it. The DDT levels have fallen significantly and as well as the fish, the count in the

fish is much reduced. So they are meeting the goal of that whole clean-up effort.

Senator SHELBY. Is there effort there to monitor the wildlife that is using that as part of a habitat as far as their offspring, and so forth?

Mr. WALKER. That is administered by the Fish & Wildlife Service.

Senator SHELBY. It is being done, is it not?

Mr. WALKER. The monitoring? Yes, it is, because of meeting the requirements of the agreement that we had.

Senator SHELBY. Can you furnish any information to the record on that?

Mr. WALKER. I would be glad to, Senator.

[The information follows:]

The cleanup of DDT residues at Redstone Arsenal is progressing well. OLIN Corporation began conducting long term monitoring on fish, surface water and groundwater in January 1988. Results thus far indicate that DDT levels in fish have decreased 50 percent, levels in surface water have decreased 95 percent and no DDT contamination has been detected in groundwater. A Consent Agreement with Department of Justice requires OLIN Corporation to reduce fish DDT levels to five parts per million within 10 years (by January 1988). It appears this goal will be reached. A DDT Review Panel consisting of EPA, Tennessee Valley Authority, Fish and Wildlife Service, Army, and the State of Alabama meet semiannually to review monitoring results and assess results of cleanup. OLIN Corporation and the city of Triana are non-voting members of the Panel. The next meeting of the Panel is scheduled for June 1990.

Senator SHELBY. When you clean up a site, such as you refer to in the DDT problem in Alabama that you feel like you have done a good job on, you do a thorough job. You also clean up when you close a base to market that property, do you not?

Mr. WALKER. That is correct.

Senator SHELBY. To clean up a site quickly and to satisfy every agency that this is a clean site, that the groundwater is clean, that it is not a Love Canal in the making, is that really your goal? To make it marketable, to make it habitable?

Mr. BERTEAU. It is our goal from a general perspective. If I might elaborate a little on my comments earlier to Senator Dixon, there may be some situations where the vast majority of an installation is in fact ready to go, if you will, and there may be a particular spot or a particular site where we will say, that one is going to take awhile, we will segregate those two, so we will not hold up the reuse of the other portion. Because one of the critical things here is the degree to which you can actually use this for something else. It is particularly important for the local economy.

Senator SHELBY. Absolutely.

Mr. BERTEAU. The quicker you can generate alternative use out of that the better—and there are examples already underway. Pease Air Force Base is the first one that we are closing under the Base Closure Commission. We have segregated a small site there that does need some continuing work. The rest of it is ready for unrestricted use and disposal, and so we are moving ahead with that.

Senator SHELBY. Do you know how much money you have expended there in Childressburg at Alabama—

Mr. WALKER. Senator, now I have the figures. It is about \$9.8 million we have expended to date, and we plan to spend roughly \$300,000 this year. The certification that we had to do for the 3,000 acres available for excessing was the fact that the retained parcel did not influence the parcel to be sold. We had to make that certification and EPA and the State have accepted our findings.

Senator SHELBY. What kind of warranty are you going to give on this? You sell that property, and you are going to—is the Government going to stand behind the warranty that this is a clean environmental area to develop in the future?

Mr. WALKER. There is always a risk, because you are never free of the liability. It is always with the generator, and we are liable for it. We try to reduce that risk to a minimum. In other words, we have certified and our experts believe that it is safe for future use and to the best of our ability we make that judgment call.

Senator SHELBY. Okay.

Mr. WALKER. There are some areas that we just cannot do that, because we cannot meet the technical requirements or the cost is just too high.

Senator SHELBY. What are you going to do with those areas? Are you going to close them off, fence them off and put big signs up, "Danger. Danger."

Mr. WALKER. Or, determine a use that is compatible with the area, a park or a wildlife area.—

Senator SHELBY. Do not make a park out of something that is so dangerous environmentally.

Mr. WALKER. Well, then you have to close it for no future use. We have done that as well. If there is any threat to public health and safety, we will fence it and close it completely. If it can be used with a 2-foot clay cap or something like that, and it is suitable for surface use, then we would work with the Department of Interior or someone who could make a use of it.

Mr. VEST. Senator, if I might add, that issue is covered in the law, so we comply with the appropriate provisions of law in excessing a property, and it is covered quite well.

Mr. BERTEAU. It is important to point out there are certain places where, no matter how much money you had, the technology is just not available today to return something to unrestricted use. Now, that does not mean in the future that we will not develop that technology and then be able to apply it, but there are some things that we just literally do not know how to take care of at this stage of the game.

Senator SHELBY. Is that mainly chemicals, or nuclear?

Mr. BERTEAU. Well, the case I am thinking of primarily is unexploded ordnance on a firing range, where we just have no way that we could guarantee you that nowhere on that 150,000 acres, for example, in the case of one site, could we promise you is there a piece of unexploded ordnance.

Senator SHELBY. You do not build a playground out there.

Mr. BERTEAU. We just do not have the technology to be able to do that.

Senator SHELBY. No playgrounds.

Mr. BERTEAU. I would not want my kids running around there. That is right.

Senator SHELBY. Mr. Chairman, thank you for your indulgence.

Senator WIRTH. Thank you very much, Senator Shelby. Thank you all very much. I am sorry I was late this morning. I want to start by taking it from the top, if we might, by looking at the overall funding level. Let me first of all make sure that I understand the figures. This year, DOD, Mr. Berteau, is spending about \$600 million in clean-up and you have requested about another \$140 million in reprogramming, is that right?

Mr. BERTEAU. That reprogramming request is still being worked internally. We keep identifying offsets, but they keep being used for other higher priorities.

Senator WIRTH. So you have asked for about \$140 million to be reprogrammed?

Mr. BERTEAU. Yes.

Senator WIRTH. So in your ideal world you would spend this year about \$750 million?

Mr. BERTEAU. We could obligate that much, yes, sir.

Senator WIRTH. Now, the request for fiscal year 1991 is about \$800 million?

Mr. BERTEAU. \$817 million.

Senator WIRTH. So you are going from \$750 to \$800—\$817 million.

Mr. BERTEAU. Well, at the time we built the \$817 million as a budget request, we were not comparing that to a \$750 million base, we were comparing that to a \$600 million base.

Senator WIRTH. So what should the \$817 million be?

Mr. BERTEAU. The \$817 million—

Senator WIRTH. We are not incrementally budgeting, presumably. But what should you have to do, the job that you think has to be done this year?

Mr. BERTEAU. We feel that \$817 million will give us what we need to do what we are ready to do with respect to the remedial actions that are ready to go.

Senator WIRTH. That are ready to go?

Mr. BERTEAU. Yes.

Senator WIRTH. Now, Senator Dixon used the expression "up, up, up, up." Probably accurate, is it not?

Mr. BERTEAU. It is definitely going to be an upward trend. I think I took some pains to point out that it is not an infinite cycle here.

Senator WIRTH. We could make things infinitely clean, but we are not going to be able to do that, obviously.

Mr. BERTEAU. Even that is not an infinite amount of money, but when we costed this 2½ years ago we estimated somewhere between \$11 and \$15 billion, total, over a period of probably 15 or 20 years. We are recosting that now. I would expect that it may go up somewhat, but not a lot.

Senator WIRTH. Two years ago when we had our first hearing on this subject, 2 years ago we were told that we would have to have \$1 billion a year by the 1990s, and is that, then, over a 20-year period of time about what you are talking about for clean-up at DOD?

Mr. BERTEAU. It may be that in some years we may exceed that estimate. As you know we are putting the 1992 to 1997 projections together.

Senator WIRTH. What do you think that is going to look like?

Mr. BERTEAU. I do not know. I mean, each service is putting their own together. They will submit them to us at the end of this month.

Mr. VEST. Could I offer an example?

Senator WIRTH. Please, yes. Please, Mr. Vest.

Mr. VEST. To take a snapshot in time and look at the future, given the existing requirements with which we have to deal, in the Air Force we would be looking at a total environmental compliance and clean-up program in the 1990s of probably around \$750 million a year.

Senator WIRTH. Let us separate compliance and clean-up, because it really is apples and oranges.

Mr. VEST. Well, next year we are looking in the Air Force, as our part of the \$817 million, I think is currently pegged at \$287 million.

Senator WIRTH. What is your best guess of 5 years for the Air Force, Mr. Vest, for clean-up?

Mr. VEST. Total cost?

Senator WIRTH. Clean-up. Not compliance, clean-up.

Mr. VEST. We figure that a program of around \$275 to \$300 million is a very credible, doable program.

Senator WIRTH. Will that do the job that you believe has to be done? Is that every year for 5 years?

Mr. VEST. It will probably run through the rest of this century, to do that. Again, that is based on what we know today.

Senator WIRTH. Over the next 5 years, are you talking about \$1.5 billion?

Mr. VEST. Yes.

Senator WIRTH. What is your best guess, Mr. Walker, in the Army?

Mr. WALKER. Mr. Chairman, I think that \$300 million to \$350 million for 5 to 6 years, then you would start to see a downturn, depending on how we come out with Rocky Mountain Arsenal.

Senator WIRTH. I was going to say that whole thing will be chewed up by Rocky all by itself.

Mr. WALKER. You could spend all of your money there. But for the rest of the Army, excluding Rocky Mountain Arsenal, I hope near the end of this decade that we see a turndown in our clean-up. We will have everything that is feasible to clean up and funding will start a downward trend, starting down, except Rocky Mountain Arsenal.

Senator WIRTH. Is that really a credible figure, do you think, Mr. Walker? You just heard Senator Shelby talking about problems in Alabama. We know what Rocky has got. From what I have been listening to right here, we know what the problems are at Rocky.

The Depot Activity at Pueblo, which the Army is attempting to shut down, has enormous clean-up requirements. We do not even know what is out there. Here is the Pueblo Army Depot that has been going for 40 years or so, and the Army has to go to some of

the old-timers that worked out there to ask them what got buried over here, and what is over there? It is a mess.

Mr. WALKER. It is a difficult situation.

Senator WIRTH. Over just three areas—Shelby's, Rocky, Pueblo. I mean, imagine how many other areas there are. Is \$300 million a year a realistic figure?

Mr. WALKER. I think that it will handle what is feasible to clean up. Now, if we go beyond that, we have a different situation.

Senator WIRTH. When I hear "feasibility" from an official at the Pentagon, I am thinking that is what fit into the envelope. Now, what ought to be done to meet the goals that Secretary Cheney laid out?

Mr. WALKER. I think that pretty much would do it, yes.

Senator WIRTH. So a little less than \$2 billion over a 5-year period of time is your guess. Ms. Schafer, what do you think from the Navy? You guys are probably programmed to add up to \$1 billion a year for 5 years, right?

Ms. SCHAFFER. No. I do not think it is quite that pessimistic. We use the EPA model to estimate what it would cost to clean up all of our sites, and that estimate is \$2 billion. However, as we get better data, as we do the remedial investigations and feasibility studies, we will be refining these estimates of what it actually will cost for ultimate clean-up.

Senator WIRTH. Yours is \$2 billion over 5—

Ms. SCHAFFER. About \$2 billion over the course of the entire program.

Mr. BERTEAU. That is more than 5 years.

Ms. SCHAFFER. Yes, that is more than 5 years for us.

Mr. BERTEAU. Mr. Chairman, there is certainly the possibility, as you well know, that there is something that we are not presently aware of, or that there will be a change in technology that we will need. We recognize that the potential is there that the costs will be higher than that.

What we do have very much, though, is a commitment to fund those requirements as best as we can identify them today.

Senator WIRTH. I am not arguing about it. I just think that you are probably looking at twice the amount of money that you are talking about. How much is in that estimate of yours, Mr. Walker, for example, for PDA? Do you know?

Mr. WALKER. Pueblo is not on the National Priority List, sir. I would have to get that for the record.

Senator WIRTH. What you have got in your \$350 million a year is only what is on the National Priority List, is that right?

Mr. WALKER. There are some other serious problems outside of these installations on the National Priority List.

Senator WIRTH. Do you know how many bases have been scheduled for closing down that are not on the list but are included in the \$350 million figure?

At PDA, for example, the Army cannot go out and give up all of its liabilities and say, okay, George Realty, come on in and it is all yours, right? You have got all those liabilities that are hanging on there and presumably have to be cleaned up, so there are going to be a lot of areas like PDA that are going to have to get cleaned up that are not on the priority list, right?

Mr. WALKER. That is correct, sir, and we have that in the program, and know what needs to be done. We have about four or five of the bases that are under the first closure list which is directed by law. Those will be, if we have a Defense Environmental Restoration Account clean-up in progress, fit into our priority scheme, and cleanup will continue. If you need additional clean-up for sale, then we fund that through another account, a base closure account, or some other source.

Senator WIRTH. So did my question get answered, Mr. Berteau? I hear what you are saying. We ought to get another account for doing that. Did my question get answered, Mr. Berteau, at the bottom of page 4 of your testimony, when you say "studies are not complete but we are currently estimating about \$500 million in total environmental clean-up costs through fiscal year 1995"?

Mr. BERTEAU. Those are figures only for the 86 installations affected under the Base Closure Commission Act. Five of those sites, I believe, are actually on the National Priority List.

Senator WIRTH. So your figure of about \$1 billion a year over 5 years, you have factored in the base closing and the clean-up of the bases that are being closed, is that correct?

Mr. BERTEAU. No, sir, because what we were referring to in response to your question were funds that would come from the Defense Environmental Restoration Account. There are other funds that will come from other sources, as well.

Senator WIRTH. But for our purposes in trying to figure out how much money we are going to have to think about authorizing in this 5-year plan, we are clear we have about \$5 billion for the priority clean-ups that we have been talking about.

In addition to that over the next 5 years, we are going to have X amount of money for base closings—cleaning up bases that are being closed—and you are estimating that although studies are not complete, that looks like it is about \$500 million now. Is that right?

Mr. BERTEAU. Of that \$500 million, \$150 million is included in your \$5 billion figure.

Senator WIRTH. But we are looking, then, at about \$500—your guess is, it is going to be about \$500—\$5.5 billion over the next 5 years. Are there other clean-ups that we are not talking about in here? We have got the base closings. Are there other clean-ups that are not in that figure?

Mr. BERTEAU. There are two things in there beyond that. There are moneys that we spend out of the O&M account that may meet your test of clean-up, which is a definition that I am interpreting to be those things that are eligible under the Defense Environmental Restoration Account, but could be interpreted more broadly than that.

Second, we clearly face the potential for closing additional bases beyond the 86 covered under the Base Closure Commission Act, and those estimates are not included in there, except to the extent that they would otherwise already be addressed.

Senator WIRTH. So anything that happens as a result of the new budget cycle and a drop-off of our military commitments, which means domestic base closing and foreign base closing, is not in that figure. There is a lot of cleanup related to those, right?

Mr. BERTEAU. Yes, in some cases. I would have to check the numbers, but I believe five of the 35 sites that are currently under study for closure, are also NPL sites, and so their funding is already in the stream, because we are going to have to clean them up regardless of whether they remain open or are closed.

Senator WIRTH. Let me jump to Europe for a moment. If we, as most people expect, are going to close a lot of bases in Europe, presumably we have the obligation to clean those up, do we, or is that one of the host country cost-sharing? We say adios, part of your cost-sharing is to clean up?

Mr. BERTEAU. It is neither and both. We have described this before. Basically what we have is a situation where we will identify what the environmental situation is, and that will be the starting point, or the baseline, if you will, for negotiations with the host country.

Those negotiations would cover a number of things: what needs to be done, who is responsible for the situation, what kind of money we are talking about needing and the way in which we would apply that, particularly as an offset against residual value of the installation as it is returned.

Senator WIRTH. Unknown, but is that a potential cost in addition to what we have been talking about?

Mr. BERTEAU. I think the cost there is going to be zero.

Senator WIRTH. What about the hazardous materials that are there? Do we leave them there, or do they get brought back to the United States? What happens to those?

Mr. BERTEAU. Before we leave we would take care of anything that is an immediate threat to health or safety.

Senator WIRTH. What does "take care of" mean?

Mr. BERTEAU. We would in fact clean it up, or remove it.

Senator WIRTH. Where does this stuff go? We put it on a barge, or—what do we do with the stuff. It is a terrible problem, is it not?

Mr. BERTEAU. It varies from country to country. We have disposal practices already in place, contracts and so on in some countries. In others, we ship it out of that country to either a third country or back to the United States for disposal.

But the cost of that is potentially not going to be a net impact on the defense budget, it will be part of the negotiations.

Senator WIRTH. Do we have a policy on third country disposal of hazardous waste by the military?

Mr. BERTEAU. We have a set of policies, but it in fact varies according to the country. For example, if we were trying to dispose of PCBs from Turkey, under the arrangements that we have, we do not dispose of those in Turkey. We actually ship them either back to the United States or to a third country, the United Kingdom being the one that we frequently go to for disposal. Those situations are covered by agreements that we have with all the countries involved, and so we make sure that in fact the disposal conforms with the same kind of standards that we would have to apply here.

Senator WIRTH. We have read a great deal about the developed world dumping in the Third World of hazardous materials. You have read all of those articles—scandals in Africa and so on. Are there policies that preclude the United States military from letting

a least-cost contract with somebody for the disposal of hazardous material when that hazardous material might go up the Congo River or wherever? Do we have policies against that?

Mr. BERTEAU. Yes, sir. We have a new set of policies and procedures that we put in place late last year. All of the disposals take place through the Defense Logistics Agency's disposal service and I would be happy to provide you with both a copy of that policy and the details.

Senator WIRTH. Describe that briefly. Are we precluded from doing that kind of dumping in the Third World?

Mr. BERTEAU. Absolutely. We have to in fact validate that. If you are going to have a contractor who is going to be doing it, you have to go through the same validation process you do here at home, that they have got the right policies and procedures, that they in fact have a track record that they can comply with all of the standards that we have in place there. So we are not going to essentially give it to the low bidder, fly-by-night, who is going to dump it off the fantail somewhere.

Senator WIRTH. Just a final note on the overall budget item, and then I want to go to Rocky Mountain Arsenal, which I know will surprise you. It would just be my guess, listening to the numbers that we have been talking about here in terms of the \$5 billion for the priority sites, then the bases that are being closed, the European problems that we have and the fact that a lot of the money so far has been spent on research, which is identifying the problem, a low amount on actual clean-up. I understand your response to Senator Dixon's question to be that we are spending \$750 million this year, a great percentage of which is on research. We have not done very much clean-up with that \$750 million. The big balloon is still to come. So my guess is that overall we are probably looking at a 5-year program that is going to be a lot more than we are talking about here, just one instinctive reaction.

Mr. VEST. Senator, in terms of the figure that I gave you on the Air Force, the answer to that question is no, and I feel compelled to clarify that. When I said we were looking at about a \$750 million a year effort, and I said both clean-up and environmental compliance. The way I must manage and run a program in the Air Force is to look at the totality of the cost, so I am not differentiating between NPL sites and non-NPL sites. When I say \$300 to \$350 million for clean-up, what I am talking about is the total Air Force obligations, under the law, to clean up whatever kind of base it is, and so I am not separating that out.

Likewise, we are doing, or we do some clean-up out of the other accounts where I have aggregated another \$300 to \$350 million worth of requirements. So when I say \$750 million a year, what I am saying is, right now, with this snapshot in time, that is what we would envision to be the totality of the Air Force level of effort.

Mr. BERTEAU. That is not an enormous increase over where we are today.

Senator WIRTH. That is comforting. I thought it was going to be a lot gloomier than that. I hope you are right, Mr. Vest. I do hope you are right.

Mr. VEST. As you well know, as requirements change, the costs change.

Senator WIRTH. Boy, do I know. It is going to be a terrific problem.

Let me go to Rocky Mountain Arsenal, if I might, and you mentioned that as a unique problem. It is the biggest problem the Army has—that the biggest problem the Defense Department has, is Rocky.

Mr. WALKER. That is correct, sir.

Senator WIRTH. What is the plan—what is your estimate as to the total clean-up cost at Rocky, Mr. Walker?

Mr. WALKER. Based on our rough estimate, it is going to range from \$750 to \$1 billion.

Senator WIRTH. You are requesting how much for 1991?

Mr. WALKER. Fiscal year 1991 has an \$84 million request.

Senator WIRTH. Is this sufficient to meet the goals of cleaning up Rocky?

Mr. WALKER. It is, yes, and as you know, we have the 13 interim actions that are on-going clean-up operations while we complete the comprehensive feasibility study. The comprehensive record of decision for Rocky Mountain Arsenal is expected in early 1994.

We are doing the 13 interim actions because it makes sense. Either they are threatening public health now, or it decreases the long-term costs of clean-up. We have those going and not waiting until there is a final decision. That is the time frame.

Our current activity that we really want to do in the next 2 years, which is very close to finalization is the destruction of the 8 million gallons of fluid from Basin F. That is an immediate concern and our highest priority right now.

Senator WIRTH. That is the incineration issue that is now being discussed, is that right—

Mr. WALKER. That is correct.

Senator WIRTH. As the least-cost, least-polluting, most effective way of doing it in light of the public concerns that exist there?

Mr. WALKER. Right, and we want to make sure that we meet all of the current standards in operating the incinerator or we will close it down until it can be operated correctly.

Senator WIRTH. Have you seen the "Rocky Mountain News" article, "U.S. Slashes Clean-Up Fund for Arsenal"? "The Defense Department has cut this year's budget for environmental clean-up at Rocky Mountain Arsenal by \$10 million, prompting an angry letter from Denver Congresswoman Pat Schroeder."

Mr. WALKER. That is correct, Senator.

Senator WIRTH. Is the close to \$10 million and the angry letter correct?

Mr. WALKER. The Army did look at it when we faced a shortfall of some \$30 million from what we had programmed. We had to make some adjustments in the program, of course, and one of the things we looked at was reducing the Rocky Mountain Arsenal budget by \$10 million.

Senator WIRTH. Was that because other people had placed things in a higher priority than you had? The Navy put all of their projects at the highest category 1, right, and that means that you get more money sooner? Is that right, Ms. Schafer?

Mr. WALKER. The Navy had pressing concerns, but we have met all of our obligations at Rocky Mountain Arsenal. In fact, I have

actually made an adjustment to an account that gave them a contingency fund on which they can draw \$15 million. So I have increased it, to make sure.

Senator WIRTH. So the slash issue is not accurate, in fact?

Mr. WALKER. Right. Not accurate.

Senator WIRTH. After you did the reprogramming, in fact you have got all the money you think you can use effectively?

Senator WIRTH. A couple of final questions on this. One, you know there is litigation going out there.

Mr. WALKER. That is correct, sir.

Senator WIRTH. Does the litigation constrain you in any way from the clean-up activities you are going to be undertaking anyway?

Mr. WALKER. No, it is not, and we are encouraged that the Army is now corresponding with the Governor of Colorado. We have responded to his request to reopen negotiations.

Senator WIRTH. The argument was made, you remember, when we went through the legislative cycle the last time around that if we did not waive certain standards and get rid of this lawsuit that that would constrain the funding coming from the Department of the Army for cleaning up Rocky Mountain Arsenal, which I did not think made a lot of sense, but I gather from your statement here today that that was not an accurate characterization of the problem?

Mr. WALKER. No, because our big concern is getting the place cleaned up. It is concern for the local people there.

Senator WIRTH. I really appreciate the work that you have done and the attention that you all put into it. It has been a priority that must try your patience——

Mr. WALKER. I have spent a lot of personal time on Rocky Mountain Arsenal.

Senator WIRTH. I know, and your patience with that is very admirable. Good for you.

A final question on that front, in the lawsuit, it is my understanding that discussions are now underway between the Department of the Army, the Attorney General's Office, and so on, and that apparently there was correspondence on this front and the State is waiting for a response from the Army. Is that right?

Mr. WALKER. Senator, we have responded.

Senator WIRTH. You have?

Mr. WALKER. Yes.

Senator WIRTH. That is just within the last——

Mr. WALKER. Within the last 2 weeks.

Senator WIRTH. Great.

Mr. WALKER. Yes.

Senator WIRTH. Okay. Well, I know that these are negotiations and that is all between the various parties. I do not want to get into that.

Mr. WALKER. We would be glad to give you an up-date on the litigation, if you would like to.

Senator WIRTH. I am not sure I do want that, do I?

Mr. WALKER. I am not sure that you do.

Senator WIRTH. It seems to me that litigation is about as interesting as a discussion of no-fault insurance, right? [Laughter.]

Mr. WALKER. But we will continue to work with the process, because we do want a successful resolution of the situation there.

Senator WIRTH. A question about the Clean Air Act. Secretary Cheney had put out a memo dated the 20th of October for the Secretaries on Environmental Management Policy, and you are familiar with the Secretary's very fine statement of national policy.

But that was followed by a letter from Terry O'Donnell to Richard Darman on the 24th of January asking for various waivers to the Clean Air Act, Section 118. My sense was that there might be a contradiction between the overall policy that Mr. Cheney had been setting and the waiver requested by Mr. O'Donnell.

Do you know about that, Mr. Berteau?

Mr. BERTEAU. Yes, sir. It is possible to perceive that. In fact we had an earlier discussion about a news article on the very same issue. I want to assure you that the intent of that proposal to OMB was not to exempt DOD, but in fact the idea was that for those things that are militarily unique in nature, essentially we want to be able to operate across State lines, if you will, without having to then change the compliance standards the militarily unique equipment must meet, that we should look at the feasibility of a national standard.

A national standard may be interpreted by some to mean the lowest level of requirement, but in fact we fully recognize, and both Secretary Cheney and the services have recognized and are willing to accept the very real possibility that if we did adopt national standards that we would wind up with the highest standard as the standard with which we would have to comply.

In fact, it has even been stated internally that we also have to recognize that might actually be good public policy.

Senator WIRTH. I hear what you are saying.

Mr. BERTEAU. The characterization of it as an attempt by DOD to get around the legal requirements is I think a very unfair characterization, because that is not what we are trying to do at all.

Mr. VEST. Senator, I have an example that might help, if I may. For example, in your State we have Air National Guard A-7 aircraft at Buckley Air National Guard Base at Aurora. Those aircraft are supported by, among other things, what we call AGE—aerospace ground equipment. These pieces of equipment will emit pollutants into the air. We have that type of equipment all around the country at all of the bases, and the Air National Guard, of course, is a deployable unit. They will take equipment with them, or they will have to use that same kind of equipment that is in place.

What we are interested in is rather than having—and I am overstating this a bit—50 sets of emission standards for that same type of equipment, some ability to have a standard compliance requirement for a standard piece of equipment.

Senator WIRTH. I hear what you are saying, Mr. Vest and Mr. Berteau. Often this kind of analysis gets made, but when you look under it the facts often are not there. Do you know, for example, that there might be 50 different requirements for emissions control on that?

Mr. VEST. No.

Senator WIRTH. Has the analysis been done that suggests that there are a lot of conflicting State standards that would require this kind of—

Mr. VEST. What we have done in the Air Force—

Senator WIRTH. Let me ask you this—

Mr. VEST. At this moment in time in the Air Force, this is not an immediate, significant problem.

Senator WIRTH. Mr. Berteau, has the analysis been done? I mean, Mr. O'Donnell has requested this waiver, right?

Mr. BERTEAU. Right.

Senator WIRTH. I have done this for 16 years now in terms of State standards and Federal waivers, and I am always deeply suspicious whenever this comes up, as many people are, that it is the kind of a problem that sounds good if you describe it rapidly enough, but if you look underneath it, you find that in fact there is very little conflict in terms of State standards.

Mr. BERTEAU. Dee, you looked at this very hard—

Senator WIRTH. Let me ask you, have you all—let me just ask, have you all done that analysis at the Department level, at the Secretary's level?

Mr. BERTEAU. Not at the equipment level of detail that was used in the—

Senator WIRTH. Was there a lot of analysis of conflicting State standards behind Mr. O'Donnell's memo?

Mr. WALKER. We did a great deal of analyses, across many different media; air as well as water and hazardous waste management. To give you some examples, Mr. Chairman, the situation in air quality regulations was demonstrated when you have to have an emergency situation which requires generators or boilers or something like that moved to the site, as we did in the Alaska oil clean-up. If you go to some States, in particular the State of California, you would have had to obtain a waiver before you locate the emergency equipment to the site. You could get a waiver, but that takes time.

Senator WIRTH. That is a bit of a different situation—going in for a waiver of all kinds of equipment as Mr. O'Donnell is doing.

Mr. WALKER. Well, I think we have to address all of the equipment that would be militarily unique. In the hazardous waste management situation, we did an analysis of the regulations of the 50 States, and found for something as common as used oil, eight States have it as a hazardous waste, which has a lot of manifesting and a lot of record-keeping, some States call it a special waste, and then in other States it is just a solid waste.

So it needs to be looked at from several ways. We analyzed about 55 different Federal laws, and found variations among them on standards with which you have to comply. With all the State laws added, this gives you a very complicated situation.

Senator WIRTH. I think the situation is a lot easier if you started, Mr. Berteau, with the highest national standard, which is what you are talking about, contrary to what the suspicions are that the Department of Defense is trying to get away with something.

Mr. BERTEAU. It is certainly fair to say that we do not have an enormous reservoir of goodwill into which we can dip. I think we are striving very hard to change that situation.

What that proposal does is, in fact, it sets up a process by which we can do that analysis and then get some dealing with that analysis. It is not asking for a blanket, either authority or waiver for DOD. It is asking to set up a procedure whereby in those situations where it may be useful to do that, we can in fact have some flexibility to do the analysis, propose the alternatives and see where we come out.

Senator WIRTH. Well, that is a little bit different from—as I read the letter, which was a much stronger request for waiver, but I might not have understood that in my reading of it.

We will get into this a little bit more, I am sure, as we go through the authorization process, but as you can tell from the questions here and from the response that you would be receiving from the press and elsewhere, there is not a huge reservoir of goodwill, and what we have to do is craft this in such a way that we know, in fact, that there are problems and not imagine problems—that we are in an emergency situation, which is a very valid concern, Mr. Walker. If you have those, you ought to be allowed to operate in that kind of an emergency way.

But we do not want to do it in such a way that we get to a lower common denominator, which is a very good point that you made, Mr. Berteau. Nor do we want to avoid, it seems to me, the incentive for the Department of Defense to be doing the development work or the research work necessary to bring equipment that is broadly used into compliance; let us not get a waiver when we might be able to do the development work to bring it into compliance. You see what I mean?

Mr. BERTEAU. Yes, sir. We agree entirely.

Senator WIRTH. It seems to me that there are a variety of pieces to this. You have got a problem technically, but you have also got a perception problem. We overall have an environmental problem. We have got to glue all of that together and make sure that we do it right, and I think that that is one of the things that we might help to do in this authorization process.

Mr. WALKER. Yes, because we do operate in all of the States——

Senator WIRTH. I understand.

Mr. WALKER. That gives us difficulty when we have different requirements in each State.

Senator WIRTH. I understand. A final question, if I might, Mr. Berteau, relates to energy efficiency. There have been concerns about DOD sort of sliding in their commitment to energy efficiency, and a number of us wrote to the Secretary on the 29th of March. I do not know if you have gotten that letter yet.

Mr. BERTEAU. Yes, sir, I have seen that.

Senator WIRTH. Maybe the inside delivery system is better than the outside one.

Mr. BERTEAU. We sometimes get it together.

Senator WIRTH. You saw that letter reflecting our concerns, and that was signed by a lot of people up here.

Mr. BERTEAU. We share that concern, and are taking some very aggressive steps to both institute and reinstitute, in some cases, programs that move us very much toward that direction. I think both in terms of energy conservation, internally, and in terms of aiming for, developing, designing and procuring those kinds of

things which will put us in a situation where we will be much better off in the future.

We are very actively participating, for example, with the Department of Energy in their national energy plan as they wrestle with how to develop it. It is clear to us, we see a time when we are not going to have a petroleum-based economy and we are not going to have a petroleum-based military, and we have to take very significant steps to be prepared for that future, and different people have different projections of when it is going to get here.

I come from an oil-producing State, and I recognize that we have been living off the benefit of some depression of prices for some time, and as a Nation that will not be here forever either, and we have to take all the steps we need.

Senator WIRTH. That is very true, and we all realize that and the energy efficiency area it seems to me is one that we want to continue to underscore and I am delighted to hear you say that. We had misunderstood a bit from earlier communiques as to what the Department might be doing.

Just a final footnote on that. Do you have an office or somebody within your office who is looking at economic incentives for saving energy?

We have found in a variety of institutional situations that if you reward people who are saving energy with some of the savings that come out of saving energy, you get a long way, whether it is the outside contractor who comes in, puts the money in up front for a good deal of energy conservation and then profits from some of the savings, or an effort that we got into a couple of years ago working with the Department of the Army in particular on bases.

If the personnel on a base saved energy, they in turn would have a greater discretionary fund, say to invest in schools and hospitals and so on on that base—people looking out for their families by turning out the lights.

Mr. BERTEAU. Right.

Senator WIRTH. There is nothing wrong with developing a variety of incentives for people, other than saying do it, which is an important incentive. Do you have a group that is working on that sort of thing, do you know?

Mr. BERTEAU. Within my own organization, we are putting together essentially the draft of what the new program would look like. We have looked very hard at the question of incentives with respect to our installations. I am not sure we have taken maximum advantage of the opportunity to think about it in terms of our contractors as well. Your suggestion there is worth noting and we will undertake to do that, but internally we are trying to push all four of those relevant factors together and then we will work with the services on the most executable plan.

But I am a firm believer in, if you build the incentives in, and among those incentives are shared benefits, that you are going to get much better results, and that is really all we are after.

Senator WIRTH. I do not know how we might frame this, but I would really be interested in getting you to do that a little more systematically, pushing your contractors and pushing your bases on this front. Do you see what I mean? It is the sort of thing that if you push, or we push you, we can—

Mr. BERTEAU. The basis is a clear one, and I am not sure under the conservation programs we had when I first came into the Department at the beginning of the 1980s that we had the proper incentives. There were a lot of complaints about the arbitrariness with which these sorts of things were done, and the degree to which we even had—you know, sealed thermostats. The result was temperatures that were uncomfortably warm when they did not need to be and that sort of thing. Clearly you have to have some flexibility. Inherent in that, you have to have some incentives so that people will use the flexibility to our overall advantage rather than to a short-term gain.

Senator WIRTH. So how might we look at the contractor question? Is there some leverage there, in terms of incentives, that can be used by the Department?

Mr. BERTEAU. Well, clearly within, for example, service contracts you could build in an incentive award fee that could be predicated upon energy usage, and we are using those in certain types of other situations, there is no reason why we could not use them there, as well.

Senator WIRTH. What if I asked you if you could send me a description on how that might work and what you might do? So what if I make that formal request, if that is useful to kind of nudge it along, and then you could respond back and maybe we could get something rolling there. I do not know if it works or not, maybe it does not, but I agree with you that incentives are often a way of getting people to do things.

Mr. BERTEAU. We will do that.

[The information follows:]

Our Directorate for Energy is addressing ways to significantly increase the Department's energy efficiency and cost reduction in the 1990's. We are working with the Military Departments and Defense Agencies to develop a comprehensive, realistic plan. Economic incentives you refer to will be looked at carefully. We will also look at the contracting process to see what might be done, without adding costly new complexity, to motivate conservation by Defense contractors. I will be happy to update you on this issue when we have reviewed it.

Senator WIRTH. A final question, Ms. Schafer. I remember going out on an aircraft carrier about a year and a half ago, and we were out watching airplanes fly, and I happened to look over the side and there was this enormous trail. It looked like somebody was lost in the woods and they were leaving a trail of bread crumbs behind them. There was this string behind this carrier that went off almost as far as I could see—a string of trash running behind us.

Do we still do this in this day and age, of using the ocean as the dumping grounds? I am sure there are good economic reasons for doing it. You were talking a little bit earlier about a change in Navy policy on this front? Give me a quick window on that, and then we will quit.

Ms. SCHAFER. With respect to plastics, we have accomplished, through operational changes, a reduction of about 70 percent from what we previously did, and that has been in a very short period of time.

We are also working on technologies to put equipment on board which will allow us to compact the remaining solid waste that

must be brought back and handled. We hope that this will reduce the problem.

We have done a lot of research in this area. We have tested its practicability, and now we are ready to try to actually install them on the ships.

Senator WIRTH. Great. I just wanted to hear that answer again.

Let me ask you finally about the recycling, if you are recycling plastics—is there a Department program on recycling oil?

Mr. BERTEAU. I believe we do have one in DLA. I will have to check on the dimension of that, though.

Senator WIRTH. Will you let me know about that? There is a lot of potential in there, a lot of uses for recycled oil. It is one of the easiest things to recycle, and we can save a lot of money doing it. Could you let me know?

[The information follows:]

DOD installations have practiced recycling for many years for post consumer waste. These efforts have been conducted to the extent economically practicable and have included recycling of used oil. In addition, the Defense Logistics Agency has administered a DOD-wide reutilization, transfer, donation and sales program for several years which resulted in the beneficial use of literally millions of DOD property items which would have otherwise required disposal as waste. The program and installation level activities have been implemented pursuant to DOD policy. It should be noted that installations participate in city, county and other area-wide solid waste management programs which may call for recycling.

Mr. BERTEAU. I know that we procure some. I am just not sure whether we have any internal programs where we recycle it. I will have to check on that.

Senator WIRTH. Do you have an overall recycling program, Mr. Berneau, for paper and the use of recycled paper in the Pentagon?

Mr. BERTEAU. Not nearly as much as I would like to see.

Senator WIRTH. What should we be doing on that front? Maybe we are not going to quite quit. So what should we be doing on that?

Mr. BERTEAU. I am not sure it is at the point where we need legislative help at this stage of the game. I think we have an assessment underway since I came in of what we are doing across the board. There are a lot of pieces, and I cannot tell you at this stage of the game what the overall picture looks like.

Senator WIRTH. Do you have a recycling task force at DOD?

Mr. BERTEAU. I have asked my staff to look into that, but we do not have a task force set up now. I have asked for an assessment of where we are across the Department.

Senator WIRTH. Should we ask you to set something up that is more formal in that way?

Mr. BERTEAU. I would prefer that you let us play this string out and I will commit to getting back to you with the results of that within the next couple of months——

Senator WIRTH. Could you do that?

Mr. BERTEAU. That is the timetable which I have laid out.

Senator WIRTH. I mean, there are obvious things, in terms of——

Mr. BERTEAU. I know there is a lot going on. We just did not have them under a blanket, and it may not make sense to put it under a blanket, because it may be that they are in other arenas.

Senator WIRTH. Why do we not just get back to you, let us assume by July 4, to get a good report back to you. Is that fair?

Mr. BERTEAU. That gives me time to look at what they give me, yes.

Senator WIRTH. Particularly of concern, obviously, the immediate things that can be done—the easiest ones are paper and recycled oil and looking at recycled tires. More complicated—and I am interested in seeing what you are doing—is plastics. That is a very tough one to do, as you know, Ms. Schafer, and if you are having a 70 percent effective rate, that is wonderful. That is very impressive.

Ms. SCHAFFER. However, that is done at a tremendous personal sacrifice to a lot of the personnel that have to actually live with this on board, and of course the last 30 percent is going to be progressively more expensive.

Senator WIRTH. It is tougher to do. I understand that. It is very impressive that you are focusing in that way. We ought to be at least picking off all across the board—aluminum cans being the easiest, but then moving to paper and oil and tires and so on. Very important, and we have a huge procurement process going on in the Department. One of these days we will recycle politicians, too. Probably a good idea.

Mr. VEST. Senator, we have spent a great deal of effort, and I would like to note that here—a great deal of effort over the last few years in the area of hazardous and toxic waste minimization, and a good piece of that action is recycling. Many Air Force bases today have stills where they are recycling their solvents, and it is emerging, I think, to be a very great success story.

Senator WIRTH. That is right. Well, I will hear from you, Mr. Berteau—that would be great—about what you all are doing and as much of the specifics on that as possible, to gauge what is happening in terms of paper, and what is happening in terms of oil, what are we doing in terms of tires, what are we doing in terms of solvents, what are we doing in terms of plastic? You know, the major categories, and then I assume part of that would be if you need help from us, we stand ready.

Congress is always ready to dive into a problem, as you know, but this is one that we would really like to, it seems to me, have the Department of Defense be a leader in recycling in the same way that Secretary Cheney had written so well on the overall environmental issues.

Mr. BERTEAU. What I will do is expand the effort to also identify any barriers or obstacles. It might be useful to address those also, rather than just an assessment of where we are.

Senator WIRTH. Exactly. That would be terrific.

I thank you all very much for being here. This has been a very, very constructive morning and I know how hard you are working on it. We really appreciate it. We have got a big problem, but I think you are certainly meeting the spirit and the intent of the Secretary's memo of October 10th, and we really appreciate it. Thanks ever so much.

Mr. BERTEAU. Thank you, sir.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN DIXON

DEFENSE ENVIRONMENTAL RESTORATION ACCOUNT (DERA)

Senator DIXON. Mr. Berteau, 2 years ago DOD officials were saying that the Defense Environmental Restoration Account would have to be funded at approximately \$1 billion per year by the 1990's in order to meet cleanup requirements at current and former DOD facilities.

What level of funding does the current Five Year Defense Plan contain for the Defense Environmental Restoration Account over the next 5 years?

Mr. BERTEAU. The Five Year Defense Plan (FYDP) contains the budget request for fiscal year 1991 adjusted for inflation in the outyears. The FYDP is revised several times during the year to reflect changes in Defense programs and requirements. The Department is now involved in the fiscal year 1992 Program Objective Memorandum (POM) process which is an integral part of the Planning, Programming, and Budgeting System for DOD. The POM influences the composition of the annual budget for the Department. The POM process will culminate in Program Decision Memorandums (PDMs) for fiscal year 1992/93 and the out-years. The FYDP will be updated to reflect these decisions.

Senator DIXON. At the current rate of funding, how long will it take to complete environmental restoration activities at Defense Department installations?

Mr. BERTEAU. The Department has estimated the total cost of future DOD Installation Restoration Program (IRP) activities at installations and formerly used properties to be \$9 billion (baseline) to \$14 billion (adjusted) in fiscal year 1987 dollars. At the current rate of funding, it could take between 20 and 25 years. This estimate could be impacted by changes in laws, standards, and Federal facility agreements not yet in place.

Senator DIXON. Do you agree that the requirements justify a "\$1 billion" annual expenditure during this period?

Mr. BERTEAU. The budget estimate for fiscal year 1991 reflects real growth of 31 percent over the prior year level. As we advance into the 1990's and shift into the more costly phases (Remedial Design/Remedial Action) of cleanup work, total annual requirements could equate to \$1 billion. The Department intends to fund cleanup activities on a worst-first basis and comply with applicable laws, regulations, and standards.

NATIONAL PRIORITIES LIST (NPL) SITES

Senator DIXON. Mr. Berteau, there are currently 41 DOD facilities on the National Priority List (NPL), and 46 more are proposed to be added.

How much of the annual Defense Environmental Restoration Account goes to these NPL sites each year?

Mr. BERTEAU. At the current rate of funding, approximately 30 percent, or \$180M, is expended annually for cleanup of NPL sites.

Senator DIXON. How much funding goes to cleanup the 12,000 DOD sites not on the NPL?

Mr. BERTEAU. Approximately 68 percent of DERA resources, or \$408M support cleanup efforts at the remaining DOD sites not on the NPL.

Senator DIXON. Won't the relatively small number of NPL sites take most of the cleanup money in the next 5 years?

Mr. BERTEAU. Cleanup costs at the NPL sites are expected to increase as work shifts into the more costly remediation action phase. However, we cannot determine what percentage increase this will be.

Senator DIXON. Mr. Berteau, how many Interagency Agreements do you have in place for cleanup of DOD sites?

Mr. BERTEAU. Thirty three.

Senator DIXON. How many of these Interagency Agreements cover NPL sites?

Mr. BERTEAU. All of them.

Senator DIXON. How long will it be before you have Interagency Agreements at all NPL sites?

Mr. BERTEAU. EPA estimates initiating all negotiations during fiscal year 1991 and completing all of them sometime in fiscal year 1992. We have gone on record as willing to negotiate all NPL proposed and final IAGs now even if they are only in the RI/FS phase. The limitation is on EPA's resources to conduct these negotiations.

Senator DIXON. Mr. Berteau, last year the committee faced an amendment on the Senate floor requiring DOD to sign an Interagency Agreement governing cleanup of an NPL site *no later than* 1 year after a site was designated for inclusion on the NPL. (The amendment was ultimately withdrawn).

What would be the consequences of an amendment like this?

Mr. BERTEAU. Currently, an Interagency Agreement (IAG) is required within 6 months of the completion of the RI/FS. We are pursuing and completing IAGs well in advance of this date. The largest hurdle to completing more IAGs is the lack of Environmental Protection Agency resources, an issue over which we have little control. We have gone on record as stating that the Department is prepared to negotiate IAGs at all of our NPL sites proposed and final as soon as possible. EPA's current schedule anticipates completion of negotiations in fiscal year 1992.

Senator DIXON. Mr. Berteau, the number of sites on the NPL list or proposed for listing increased from 49 in fiscal year 1988 to 87 in fiscal year 1989.

How many additional sites have or will be identified in fiscal year 1990?

Mr. BERTEAU. The Department of Defense currently has 20 sites proposed for the NPL and 75 sites final on the NPL. The Environmental Protection Agency determines which sites are identified for inclusion on the NPL. We anticipate few, if any, new sites proposed for the NPL until the revised Hazard Ranking System is promulgated. I also expect most if not all of the 20 proposed sites to be placed final on the NPL during the period from now until the new promulgation.

HAZARDOUS WASTE MINIMIZATION & RESEARCH & DEVELOPMENT

Senator DIXON. Mr. Berteau, what progress is the Department making in reducing the use of chlorofluorocarbons (CFCs) and Halons?

Mr. BERTEAU. We have established a DOD Directive, and the military services have developed implementing regulations, for the use of CFCs and Halons within DOD. These regulations established categories such as comfort cooling and mission essential applications, and establish a timed phase out for the use of all CFCs and Halons in accordance with the Montreal Protocol (International Treaty). The DOD Directive requires capture and recycling of CFCs and Halons; limits any new uses; and requires the services to submit an annual report of CFC and Halon use to ensure reduction goals are achieved.

Senator DIXON. Ms. Schafer, the Navy is the largest user of CFCs and Halons. Can you tell us how you are coming in finding alternatives for these chemicals?

Ms. SCHAFER. I am pleased to inform you that we are making considerable progress toward reducing our use of these chemicals and in finding alternatives. Our program includes major efforts in substitute chemicals, alternative non-CFC technologies, chemical conservation, and inventory management. In the area of alternatives research, we are active participants in two industry/government consortia to find acceptable substitute chemicals: Halon Alternatives Research Consortium; and the Solvents Working Group. We also have working agreements with two chemical companies (DuPont and W.R. Grace) to test candidate substitute refrigerants. I would like to summarize some of our progress to date.

Substitute Chemicals. In the area of substitute refrigerants, we are now conducting the only full-scale testing in the United States of three potential alternative refrigerants: R-134a (zero ozone depletion potential (ODP)) and a DuPont blend, as R-12 replacements; and R-124, as a R-114 replacement. In addition, with Navy funding the National Institute of Standards and Technology (NIST) is determining the thermodynamic and heat transfer properties of "E-134" (a nonflammable bis(dimethylether with zero ODP). Preliminary data indicate "E-134" may work in existing R-114 plants if its heat transfer properties are similar to R-114. In conjunction with these studies, we are also working with DuPont and equipment manufacturers to assess the compatibility of these refrigerants with oils, seals, motor windings, and other materials used in shipboard plants.

Alternative Technologies R&D. In the area of alternative cooling technologies, we have initiated studies in thermo-electric (TE) and other non-CFC cooling systems, and we plan other R&D.

In the late 1970s, we installed TE air conditioning on the U.S.S. *Dolphin* (a diesel-powered submarine) as a RDT&E project. Now, because of the CFC issue, we are now reexamining options for using existing TE technology on submarines. Two studies are underway: one will assess forward fit potential for the third-flight of the SSN-21 submarine; the other will evaluate backfit potential for 688 class submarines. In addition, we are proposing a joint TE project with the French because they have committed to a hybrid TE system for their new FBM submarine.

Although research into basic TE materials has been largely dormant for the last 10 years, the search for superconductors has identified new materials with TE properties. Therefore, we are investigating some of these materials that may dramatically improve TE efficiency and expand possible TE applications. To date, three TE

studies are planned to investigate materials with better TE properties than bismuth telluride, the current state-of-the art material.

Using Navy and contractor facilities, we are investigating other potential non-CFC cooling technologies. As examples, we have initiated feasibility studies of two alternative cooling cycles: the Malone and Ericsson cycles. We recently initiated a reevaluation of the lithium-bromide (Li-Br) absorption cycle for a shipboard system with advanced materials and technological improvements.

In the area of fire suppressant alternatives, we are major participants in the recently-formed Halon Alternatives Research Consortium, which is co-chaired by the Office of the Secretary of Defense and the U.S. Environmental Protection Agency. This industry/government organization has initiated a multi-year R&D program to identify and test potential substitutes for regulated Halons. While we view this as an important mechanism for finding Halon replacements, we are pursuing with other DOD services additional activities to address military requirements that may not be adequately addressed by the consortia. For these activities within DOD, the Navy has adopted the lead for Halon 1301, and the Air Force has adopted the lead for Halon 1211.

Recent independent research at one of our laboratories suggests that Halon 1201 might be a candidate replacement for some applications of Halon 1301. However, absent any unexpected breakthroughs, we do not foresee Halon-equivalent substitutes for many years, particularly when the toxicity studies required for a new commercial chemical could take 5 years to complete.

In the area of CFC solvents, the Navy is a major participant in the Solvents Working Group, a industry/government consortium working to identify suitable safe substitutes for CFC-113 use in manufacturing electronic circuit boards. The Group had an initial list of 12 candidate substitutes for rigorous test and evaluation. Several candidates look promising for certain applications. However, no one expects to find a universal replacement for all CFC-113 applications.

The Navy is working independently and with DOD to identify all MILSPECS that require or permit use of CFC solvents and cleaning agents. For those MILSPECS permitting but not requiring use of CFC-113, the Navy plans to delete CFC-113 from the list of acceptable chemicals in MILSPECS under its control. For those MILSPECS requiring use of CFC-113, the Navy expects that the Solvents Working Group will identify and evaluate suitable substitute chemicals. Once substitutes are proved acceptable to Navy users, the Navy would change the remaining MILSPECS and require use of acceptable alternatives. A similar effort is underway to identify and eliminate non-MILSPEC CFC-113 uses (i.e., procedures specified by maintenance procedures, technical manuals, etc.).

Chemical Conservation. A systematic effort to eliminate unnecessary uses and conserve CFC refrigerants, CFC solvents, and Halon firefighting agents is underway. We are collecting information to determine appropriate methods, equipment, and procedures to recover CFC-11, -12, and -114, and Halon. We are surveying our ships and shore facilities to assess where and how CFC refrigerant emissions occur, how we can prevent or minimize atmospheric emissions, and what our minimum annual refrigerant needs might be in the future to operate and maintain shipboard cooling systems.

The most notable accomplishment to date is the elimination of over 60 percent of the Navy's consumption of Halon 1301, by substituting an environmentally safe substitute (SF6) for testing Halon 1301 fire protection systems. Based on our laboratory and shipboard testing, we have certified SF6 as a substitute test gas for all future Halon 1301 system verification. Beginning in March of 1990, SF6 completely replaced Halon 1301 for system verification.

Our unnecessary emissions of Halon 1211 should also decline this year because we are buying Halon 1211 recovery/recycling equipment for major air-capable ships and naval air stations. Additionally, our emissions of CFC-113 have been reduced substantially because Navy facilities now recover and recycle approximately 1½ million pounds per year.

Inventory Management. The initial baseline inventory of Navy-wide uses, acquisitions, and emissions of CFC refrigerants, CFC-113, and Halons is underway. As an interim estimate of Navy-wide uses of each chemical in 1988 and 1989, we recently compiled available data from the supply system, shipyards, and supply centers. We also prepared a preliminary strategy for determining the need for strategic reserves to cover the period between the end of chemical production and full deployment of substitute chemicals or alternative technologies. We are now evaluating policy and organization options for establishing a Navy-wide chemical inventory management and control system. The appropriate size of the strategic reserve for each chemical will be difficult to determine, however, until (1) the inventory of our current usage

has been completed, (2) the effectiveness of conservation measures is determined, and (3) the outlook for substitute chemicals and new technologies is known.

COMPLIANCE FUNDING

Senator DIXON. Mr Berteau, can you tell us how much the Department is requesting for compliance activities in fiscal year 1991?

Mr. BERTEAU. For fiscal year 1991, DOD has requested \$915 million for environmental compliance plus \$817 million for the Defense Environmental Restoration Account, a total of \$1.732 Billion.

Senator DIXON. In your view, should we create a separate account for DOD compliance activities similar to the central Defense Environmental Restoration Account?

Mr. BERTEAU. DOD does not recommend establishment of a separate, centralized environmental compliance account. Compliance is considered a cost of doing business and should be budgeted and funded as part of the normal appropriations. We do support efforts to better identify compliance requirements through the use of compliance budget lines.

WAIVER OF SOVEREIGN IMMUNITY

Senator DIXON. H.R. 1056 and S.1140 would amend the Resource Conservation and Recovery Act (RCRA) and waive the Federal Government's sovereign immunity to, among other things, allow the imposition of civil administrative fines and penalties against Federal Agencies.

Mr. Berteau, what are the administration's and DOD's views of these bills?

Mr. BERTEAU. DOD defers to the Office of Management and Budget on this question.

Senator DIXON. Does DOD have any plans to submit legislation to address the concerns raised in H.R. 1056 and S.1140?

Mr. BERTEAU. DOD defers to the Office of Management and Budget on this question.

Senator DIXON. Mr. Walker, in past DOD budgets, the demilitarization of conventional munitions has traditionally been underfunded and as the result, the services now have great stockpiles of obsolete ammunition and munitions that should be disposed of. What are DOD's plans for the demil of these large stockpiles of conventional munitions.

Mr. WALKER. The Army, as the single manager for conventional ammunition, has an inventory of 192,000 short tons awaiting disposal. An additional 2,000 to 5,000 short tons have been added to the inventory each year (20,000 short tons generated but only 15,000 to 18,000 short tons destroyed). Demil is currently accomplished through a combination of open burning/open detonation (OB/OD) and deactivation furnaces and incinerators. OB/OD is less expensive \$813 per short ton versus \$2,800 per short ton for incineration) but environmental regulations are limiting the use of OB/OD. For some of the larger items this is the only feasible method at the present time. An Army sponsored long term effects study of munitions OB/OD is currently underway at Dugway Proving Ground and is due to be completed in 1992. The onus is on the Army to prove that OB/OD is environmentally acceptable. Deactivation furnaces are being upgraded at 12 sites at a cost of \$1.1 million each. This will allow compliance with Subpart X of the Resource Conservation and Recovery Act. The upgrades are 90 percent complete. In addition, the Army is evaluating new technologies for future demilitarization and commercial leasing ventures.

Senator DIXON. What size budgets are you considering for this?

Mr. WALKER. Besides the costs associated with deactivation furnace upgrades, the forecast amounts are \$15 million for each fiscal year 1991 through 1994.

QUESTIONS SUBMITTED BY SENATOR ALBERT GORE

CFC AND HALON IN DOD

Senator GORE. I refer to section 356 of the authorization bill for fiscal year 1990, which deals with the use of CFCs and Halons in DOD. It is my impression that implementation of this legislation is lagging. In particular, I would like to know when members of the advisory committee called for by law will be named, and why in detail Assistant Secretary Berteau is saying that the deadlines established in law cannot be honored (in his letter to Chairman Nunn of March 23)?

Mr. BERTEAU. Section 356 of the Authorization Act for 1990 and 1991 requires the formation of an advisory committee within 30 days. But, the requirements for establishing an advisory committee set forth in Public Land 92-463, "Federal Advisory Committee Act," Title 41 Code of Federal Regulations part 101-610 and various DOD Directives make it impossible to establish an advisory committee in 30 days. Currently, the necessary forms and paperwork which the industry members must complete have not been returned to the Assistant Secretary of Defense for Production and Logistics. When these forms have been completed and returned, they will be forwarded to the Secretary of Defense for appointment to the committee. At that time, the advisory committee will begin functioning.

Senator GORE. Spokesmen for the American electronics industry are suggesting that DOD specifications are either now or eventually will be an impediment to their efforts to eliminate CFCs and Halons from their processes. Is DOD currently examining this question?

Mr. BERTEAU. DOD is currently addressing the issue of eliminating CFC and Halon use. We have identified over 250 specifications that must be modified to eliminate CFCs and Halons within DOD. This is one of the major issues that will be addressed by the advisory committee at its first meeting. We have suggested to the American electronics industry that they develop national industry standards for applications where they have developed a substitute for CFC or Halon use. DOD will adopt those standards and cancel the appropriate military specifications.

HIGH-LEVERAGE TECHNOLOGIES

Senator GORE. DOD has at least two projects under way for military purposes which could turn out to be of enormous importance for the general environment: one of these is an electrical energy storage system for SDI based on superconducting materials and the other is the high temperature gas cool reactor. In general, does the DOD have any mechanism for identifying high-leverage technologies of this sort with potential dual use in the civilian economy, and safeguarding their potential?

Mr. BERTEAU. This office is not involved with the two specific projects which you mention. However, DOD does solicit input from all offices of the Department to identify critical technologies which are needed to address military requirements. Implementation of NEPA by DOD at the early stages of technology development encourages selection of environmentally sound technologies up front in the decision making process. The NEPA process also provides for the identification of beneficial as well as negative impacts of new technologies.

An example of an environmentally beneficial defense technology is biotechnology. Biotechnology is included in DOD's list of 20 critical technologies. Included in its many benefits is the potential for development of environmentally benign antifoulants and biopaint stripping, as well as hazardous waste site bioremediation. All of the benefits will provide for a potential dual use in the civilian economy.

The Defense Advanced Research Agency is charged with identifying potential new defense technologies and has been instrumental in encouraging technology uses in the civilian sector. DOD is also working with other Federal agencies to ensure that adequate technology transfer occurs.

[Whereupon the subcommittee adjourned at 11:22 a.m.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

THURSDAY, APRIL 19, 1990

U.S. SENATE,
SUBCOMMITTEE ON READINESS,
SUSTAINABILITY AND SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

DEPARTMENT OF DEFENSE BASE CLOSURES AND REALIGNMENTS

The subcommittee met, pursuant to notice, at 2:02 p.m., in room SR-222, Russell Senate Office Building, Senator Alan Dixon (chairman of the subcommittee) presiding.

Committee members present: Senators Dixon, Shelby and Thurmond.

Committee staff member present: Madelyn R. Creedon, counsel.

Professional staff members present: Robert E. Bayer and William H. Smith.

Minority staff members present: George K. Johnson, Jr., Ronald P. Kelly, and George W. Lauffer, professional staff members.

Staff assistant present: Mary J. Kampo.

Committee members' assistants present: Charles C. Smith, assistant to Senator Dixon; Jefferson B. Seabright, assistant to Senator Wirth; Terence M. Lynch, assistant to Senator Shelby; Patrick F. McCartan, assistant to Senator Wilson; Robert M. Soofer, assistant to Senator Gorton; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR ALAN DIXON, CHAIRMAN

Senator DIXON. Good afternoon, ladies and gentlemen. Today and tomorrow the Readiness, Sustainability and Support Subcommittee will hold its fifth and sixth hearings on the President's amended fiscal year 1991 budget request. Our first four hearings have focused primarily on operations and maintenance funded issues: training, logistics, ammunition production and environmental protection. In these next two hearings we will focus on the Defense Department's installation structure, the need for and the prospective closure of some of its bases and the ongoing modernization and operation of its physical plant.

Today we will address base closures and realignments. Like so many aspects of the defense establishment, the base infrastructure is in a period of transition. During most the 1980s the Reagan ad-

ministration was unwilling to address the closure of unneeded military bases. In 1988 Congress passed legislation establishing an Independent Base Closure and Realignment Commission and authorizing unique streamlined closure procedures to be applied to the Commission's package of recommendations. Acting under this authority, the Commission recommended the closure of 86 U.S. installations, the partial closure of five others and mission changes at 54 others.

As the record clearly reflects, I opposed this legislation because I believed that it directed an unbalanced focus on U.S. bases without considering overseas installations. I was also concerned with the ability of the Commission to make prudent recommendations, given the size of the task and the ambitious schedule. Subsequent review of the Commission's work by the General Accounting Office confirmed that there was sound basis for these concerns. Nevertheless, we are now faced with implementing these recommendations.

Last year Congress authorized \$500 million for the base closure account to capitalize the initial cost of closing these bases. This year we find that the administration has increased its fiscal year 1991 request for this fund from \$500 million to \$917 million. I understand that a similar sum will be needed in fiscal year 1992 and that it will not be until fiscal year 1993 that the department will begin to realize net savings from these initiatives. One of the important topics of this hearing will be the need for these substantial sums in the base closure account over the next 2 years.

Even as this first package of closures is proceeding, we now have a second package of closure proposals announced by Secretary Cheney in late January. This package, for the first time, begins to address a few overseas bases. Even so, the list clearly does not reflect the sort of base adjustment which would be associated with the force reductions which President Bush has recommended for Europe and Asia.

The recommendations also do not appear to reflect the magnitude of force reductions within the Active and Reserve components in the United States, which would be needed to meet funding targets in the current Five Year Defense Program. We will need to hear more about these force reductions and installation closure plans if the subcommittee is to responsibly mark up the fiscal year 1991 military construction request.

Finally, both members of Congress and the administration have proposed changes to current law as it applies to the closure and realignment of military installations. I am pleased that this hearing will provide an opportunity for one of these sponsors, the distinguished Senator from Delaware, Senator Bill Roth, to outline his legislation and for the administration to explain the rationale behind its proposals.

With that agenda in mind, I want to welcome my colleague, the distinguished ranking member of the Government Affairs Committee, Senator Bill Roth, to the committee this afternoon.

After Senator Roth's testimony we will hear from Mr. David Bertheau, Principal Deputy Assistant Secretary of Defense for Production and Logistics; Mr. Paul W. Johnson, Deputy Assistant Secretary of the Army, Installations and Housing; Rear Adm. Jack Buffington, Director of Shore Activities Division of the Office of the

Deputy Chief of Naval Operations, Logistics; and Mr. James F. Boatrigh, Deputy Assistant Secretary of the Air Force, Installations.

Before proceeding with the testimony of Senator Roth, let me say that as the members of this subcommittee come into the room, after Senator Roth's testimony, I will recognize them for any opening statements they might have.

I am delighted to see my distinguished friend from Delaware here, and we welcome you, Senator Roth, to this subcommittee and eagerly await your testimony.

STATEMENT OF HON. WILLIAM V. ROTH, U.S. SENATOR FROM THE STATE OF DELAWARE

Senator ROTH. Thank you, Mr. Chairman, it is a pleasure and privilege to appear before you on this most important matter. In the interest of time, I would ask that my full statement be included as if read.

Senator DIXON. That will be the order.

Senator ROTH. Mr. Chairman, the objective of my legislation is to put the best possible face on the admittedly very difficult transition of closing unnecessary military bases. My proposal is designed to provide for a lowering of the national defense budget and the deficit by ending the operation and maintenance cost of unneeded bases; to benefit local communities that are impacted when bases are closed; to provide retraining, adjustment allowances and severance benefits for civilian Federal employees whose jobs are lost because a base is closed; and finally, to empower local communities to determine how to use former bases without undue outside interference.

Now, my proposed legislation does three things. First, it supercedes existing regulations that deal with disposal of surplus Federal property and permits the transfer of property to local communities that wish to own and to develop it.

Second, it provides for retraining, severance pay and an adjustment allowance for the workers who are impacted by the closing of the military base.

Third, the bill does contain provisions to reduce radically or eliminate base closing costs which would accrue to the Federal Government under existing law. And I think in your opening statement, Mr. Chairman, you mentioned how high they already are running with respect to the bases being closed down under the prior legislation.

Mr. Chairman, where there is local opposition, as you well know, the Department of Defense has a difficult time in closing a base. Because the base is not closed, the cost of operating it will of course continue. The Federal Government continues to operate a facility which, according to the Secretary of Defense, it does not need. And in such a case nobody wins, everybody loses a little each year so long as the unneeded facility remains open.

Now we think that the key to breaking the log jam of local resistance is to devise a method that turns base closing into an attractive economic opportunity for the communities. A base closure process that is slow, painful and politically agonizing benefits no

one. That means the financial savings remain largely theoretical while the process is dragged out in legal and political arenas.

A system is needed that begins to change base closings into real opportunities to enhance local communities. What is needed is a way to create a win-win situation.

Now some of the facilities that the Department of Defense wants to close are extremely valuable to the community. There is not any reason, however, why the people in the local community should receive a windfall at the expense of all of the rest of the taxpayers.

Under current law it is the Federal Government's responsibility to sever and retrain the civilian Federal employees who work on the facilities to be closed. It would also be the Federal Government's responsibility to make the facilities safe for civilian use.

Now under this legislation, in exchange for the title to the land and buildings, the community, the local community would pick up the Federal Government's burden to provide severance pay and retraining. Our bill also provides for adjustment allowance. This proposal, Mr. Chairman, would be one week for each year for the first 10 years.

One of the few Federal Government roles in the bill would be the responsibility for the Department of Labor to approve the plan for retraining the impacted workers. The community would be expected to pay for the cost of such a plan. The community would decide whether to sell or lease the property to others.

If, in the community's view, the value of the closed facility is not sufficient to cover the costs associated with the closure, then of course, the community needs to do nothing. It can reject the option of securing the property.

In that case, the property would be offered to the county. If they did not want it, then to the State, then to the Federal agencies and then to the highest bidder. If there are no takers, the regular Federal property disposal procedures would then be implemented.

To put it as simply as possible, if it does not make sense for the community to develop the surplus property it can choose not to do so.

In addition to the provisions that will require the community to assume the costs of protecting the Federal workers on the surplus property, there is another requirement. If the community is able to make a profit on the development and use of the surplus property, the Federal Government will recover 25 percent of the amount of the profit for 25 years.

In this case, profit generally will mean income or proceeds in excess of the costs to develop the property, including the cost of providing required benefits to the workers. This simply means that in those cases where the property value of the land greatly exceeds the cost of development, all of the Federal taxpayers will receive some benefits. Again, though, the greatest benefit, 75 percent, is to remain with the community.

The fewer the strings on the property, the better. This means property returned to the community could be used as a community sees fit. The land would be subject to the community's planning and zoning standards, and the use made of the property would be that thought best by the local community. In short, the Federal

Government would not tell the local community how to do what is best for it.

Now there are a number of ways that land might be transferred to the community but this legislation seeks to adopt the simplest method. The Department of Defense, where there is a community interest, would transfer the property to the local community, subject to the requirements set out earlier.

In considering this opportunity, the community must realize this is the only contribution by the Federal Government. The Federal Government would have no responsibility to make any other investment or to pay any cost of operation.

The administrator of the General Services Administration would administer the program for the Federal Government. It would be the GSA administrator's responsibility to assure that the community executes its portion of the bargain.

Now with respect to savings. As pointed out above, a primary goal of this legislation is to facilitate the transfer of these surplus properties to the community without notable cost to the Federal Government.

The savings that can accrue from this bill are the Federal Government will be able to discontinue operation and maintenance of the surplus property. This should be an immediate benefit which over time is probably the greatest savings that will arise from this legislation. This will reduce the annual deficit.

The costs of severance benefits paid to a Federal worker, impacted by the closure of a facility would, under current law, of course, accrue to the Federal Government. Under this proposed legislation, these costs would be paid by the local community. This would represent a reduction of future annual budgets.

In those cases where the community makes a profit from the development and disposal of the land, 25 percent of the profits will accrue to the Federal Government for 25 years. This too is a way to reduce future deficits.

This legislation permits any valid community use including open land, parks, prisons, commercial development and residential development.

One of the goals of the legislation is to let the community decide what is the best use of the property based on the community's plan, zoning requirements and desires.

On a closing note, Mr. Chairman, and I welcome my good friend, Senator Thurmond, I am not trying to claim that my proposal is the total answer. I know that this committee can undoubtedly improve upon it.

I do believe, however, that the principle is a sound one and I would be happy to work with you to see that this principle is incorporated into law.

I hope that whatever results from our efforts, we will retain the principles of local control over the property. I have just received a letter from the Mayor of Sunnyvale, California. His community would be impacted if Moffett Naval Air Station were to be closed. He wrote, "In the event that a base closing occurs, your bill will likely reduce local opposition and therefore make the Federal Government's job substantially easier in attempting to reduce defense expenditures."

Mr. Chairman, I would be happy to try to answer any questions you may have.

[The prepared statement of Senator Roth follows:]

PREPARED STATEMENT OF HONORABLE WILLIAM V. ROTH, JR.

UNITED STATES SENATE

THE BASE CONVERSION, COMMUNITY DEVELOPMENT AND WORKER
OPPORTUNITY ACT OF 1990
S 2212

Mr. Chairman, I appreciate this opportunity to come before this subcommittee, made up of so many of my distinguished colleagues, and to speak concerning my base conversion bill.

I would like to begin by saying that on the whole we are facing an enviable position in the arena of defense spending. Of course, there are some very serious considerations that must be made -- and the task ahead of this committee is both formidable and serious. But there is reason for good heart because while the answers will be difficult, the questions are widely agreed upon.

No longer are we asking: "Should we cut defense spending?"

Instead, we're asking: "In what manner?" and "By how much?"

This is especially clear when it comes to closing unnecessary bases. There is no question about the need, but there is a "logjam" of objections. Consequently, into this scenario we're placed -- the legislators -- to reassess needs and redirect resources. It's not an easy job. As we move inevitably toward serious cuts in defense spending -- beginning with cutting unnecessary expenses like closing needless military bases -- we can do so while taking care of the good communities and people that have supported these bases.

This is the objective of my Base Conversion, Community Development, and Worker Opportunity Act of 1990. It allows us to put the best possible face on the difficult transition of closing unnecessary military bases.

My proposal is designed:

- o to provide for a lowering of the national defense budget and the deficit by ending the operation and maintenance cost of unneeded bases.
- o to benefit local communities that are impacted when bases are closed;
- o to provide retraining, adjustment allowances, and severance benefits for civilian federal employees whose jobs are lost because a base is closed;
- o to empower local communities to determine how to use former bases without outside interference; and,

The proposed legislation does three things:

- o First, it supersedes existing regulations that deal with disposal of surplus federal property and permits the transfer of property to local communities that wish to own and develop it.
- o Second, it provides retraining, severance pay and an adjustment allowance for the workers who are impacted by the closing of military base.
- o Third, the bill contains provisions to reduce radically or eliminate base closing costs which would accrue to the federal government under existing law.

THE PROBLEM

Where there is local opposition, the Department of Defense has a difficult time in closing the base. Because the base is not closed, the cost of operating it will continue. The federal government continues to operate a facility which, according to the Secretary of Defense it does not need. In such a case, nobody wins and everybody loses a little each year so long as the unneeded facility remains open.

The key to breaking the logjam of local resistance is to devise a method that turns base closing into attractive economic opportunities for the communities. A base closure process that is slow, painful, and politically agonizing benefits no one. It means that the financial savings remain largely theoretical, while the process is dragged out in legal and political arenas. A system is needed that begins to change base closings into real opportunities to enhance local communities. What is needed is a way to create "win-win" situations.

CONDITIONS

Some of the facilities that the Department of Defense wants to close are extremely valuable to the community. There is not any reason, however, why the people in the local community should receive a windfall at the expense of all the rest of the taxpayers.

Under current law, it is the federal government's responsibility to sever and retrain the civilian federal employees who work on the facilities to be closed. It would also be the federal government's responsibility to make the facility safe for civilian use.

Under this legislation, in exchange for the title to the land and building, the community will pick up the federal government's burden to provide severance pay and retraining. It also provides for adjustment allowance. One of the few federal government roles in the bill would be the responsibility for the Department of Labor to approve the plan for protecting the impacted worker.

The community would be expected to pay for the costs it assumes and to the extent deemed appropriate by the community, the sale or lease of the property to others. If in the community's view, the value of the closed facility is

not sufficient to cover the costs associated with the closure, then the community need do nothing. The property would be offered to the county, then to the state, then to federal agencies and then to the highest bidder. If there are no takers, the regular federal property disposal procedures would be implemented

To put it as simply as possible, if it does not make business sense for the community to develop the surplus property, it can choose not to do so.

In addition to the provisions that will require the community to assume the cost of protecting the federal workers on the surplus property there is another requirement.

If the community is able to make a profit on the development and use of the surplus property, the federal government will recover 25 percent of the amount of the profit. In this case, profit generally will mean income or proceeds in excess of the cost to develop the property including the cost of providing required benefits to the workers. This simply means that in those cases where the property value of the land greatly exceeds the cost of development, all of the federal taxpayers will receive some benefit. Again though, the greatest benefit -- 75 percent -- is to remain with the community.

The fewer the strings on the property the better. This means property returned to the communities could be used as the community sees fit. The land would be subject to the community's planning and zoning standards and the use made of the property would be that thought best by the local community. In short the federal government would not tell the local community how to do what is best for it.

TRANSFER OF TITLE

There are a number of ways that land might be transferred to the community. But this legislation seeks to adopt the simplest method.

The Department of Defense, in those cases where there is community interest, through the General Services Administration will transfer the property to the local community subject to the requirements or "strings" set out earlier. In considering this opportunity, the community must realize this is the only contribution by the federal government. The federal government would have no responsibility to make any other investment or to pay any cost of operation.

The Administrator of the General Services Administration will administer the program for the federal government. It will be the GSA Administrator's responsibility to assure that the community executes its portion of the bargain

COST OF THE PLAN

The bill is drafted to enable the federal government to transfer the surplus property at little or no cost. One of the problems encountered last year with the Base Closing Commission was the tremendous amount of "upfront" money required to close the bases on that list. The purpose here

however, is not to make a profit but should there be a windfall, it should be shared with all the taxpayers. For this reason, the legislation contains a provision for extracting 25 percent of the profit.

As pointed out above, a primary goal of this legislation is to facilitate the transfer of these surplus properties to the community without notable cost to the federal government. The savings that can accrue from this bill are:

- o the federal government will be able to discontinue operation and maintenance of the surplus property. This is an immediate benefit which over time is probably the greatest savings that will arise from this legislation. This will reduce the annual deficit.
- o the cost of severance benefits paid to a federal worker impacted by the closure of a facility would, under current law, accrue to the federal government. Under this proposed legislation, these costs will be paid by the local community. This would represent a reduction of future annual budgets.
- o in those cases where the community makes a profit from the development and disposal of the land, 25 percent of the profits will accrue to the federal government. This too is a way to reduce future deficits.

ACCEPTABLE USES OF CLOSED BASES

This legislation permits any valid community use including open land, parks, prisons, commercial development, residential development. One of the goals of the legislation is to let the community decide what is the best use of the property based on the community's plan, zoning requirements and desires.

SUMMARY

This bill represents a new, constructive voluntary arrangement available to communities undergoing the transition brought about by closing a defense facility. It is a proposal true to basic federalist principles in that it gives the communities that are impacted by the closure of a federal facility the opportunity to control their fate with regard to the closed facility. It is a voluntary program that is triggered when the community decides it is in its best interest. The community decides the best use of the property, not the federal government. At the same time, it is not a simple give away of the property. The community must shoulder the burden of protecting the impacted federal civilian workers in return for the property. It must also share profits with all of the taxpayers. Even with these strings attached, the bill provides the incentive for aggressive community leaders to turn what in the past has been viewed as a negative experience into a positive development experience under the community's control.

This legislation tells the communities that Washington is willing to work with them in establishing a program that will benefit both parties as well as the many civilian

employees. And this what we are here for, after all -- not to protect obsolete and useless bases -- dinosaurs by modern standards and needs -- but to help our states and communities help themselves. As I've said before, these people, as well as these communities, have every right to be concerned about the loss of jobs and economic activity from the necessary closings. And we have an obligation to assist them by adopting policies that turn base closings into economic opportunities -- opportunities for the individuals, opportunities for the community and opportunities for the country.

I would like to call your attention to an April 15 article in the San Jose Mercury News which reports comments made by the City Manager of Sunnyvale, California and the Mayor of Mountain View, California. Both of these communities would be impacted if Moffett Field were to be closed. They said:

"I would not understand the logic of any city affected by a military base [closing] opposing this. Why would you not want control of the land?" and,

"I think that [the bill] is a good idea. The other way, we're the last ones [to receive the opportunity to control the property]."

On a closing note, I do not believe that my proposal is the total answer. I know that this Committee can improve on it. I do believe that the principle is sound and I am more than willing to work with you to see that this principle is incorporated into law. I hope that whatever results from our efforts will retain the principle of local control over the the property.

I would like to submit for the record, a copy of my bill S 2212, a section-by-section analysis, a copy of the news article that I mentioned earlier and a copy of a letter I received from the Mayor of Sunnyvale, California. I will answer any questions you may have.

Base Conversion, Community Development, and
Worker Opportunity Act
S 2212

Section-By-Section Analysis

Section 1 -- Provides that the short title for the legislation shall be the "Base Conversion, Community Development, and Worker Opportunity Act of 1990."

Section 2 -- States that the purposes of the legislation are to benefit local communities when nearby military installations are closed; to facilitate the transition of impacted workers into the civilian economy; to provide job training and financial benefits for persons whose jobs are terminated as a result of such closings; to transfer the real property to the local community for use as it wishes; and to minimize the cost to the federal government of such closings.

Section 3 -- Defines the terms "military installation," "Administrator," and "local community."

Section 4 -- Provides that the legislation applies to any military installation that was identified by the Secretary of Defense on January 29, 1990 as being a candidate for closure. Those such installations which are eventually closed would be offered first to the local community (or communities), then to the county, then to the state, then to other federal agencies, and then offered to the highest responsible bidder.

Section 5 -- Requires that before the local community, county, or state can take title to the property, it must submit a plan to provide job training, severance payments, and an adjustment allowance to terminated civilian employees. That plan must meet certain requirement and be approved by the Administrator of G.S.A. The plan must also provide for payment to the federal government of 25 percent of the proceeds of any sale or lease of the property during the first 25 years after conveyance of title.

Section 6 -- Provides that if, after conveyance, the local community, county, or state fails to provide any of the benefits or payments required, the Administrator of G.S.A. may do so and deduct the cost from any federal payments otherwise payable to that entity under any federal program.

Section 7 -- Requires the Comptroller General to conduct necessary compliance reviews of transactions carried out under this legislation.

Section 8 -- Authorizes the Administrator of G.S.A. to issue appropriate regulations.

Section 9 -- Authorizes necessary appropriations.

San Jose Mercury News, Sunday morning, April 15, 1990

Dibs on Moffett Field?

Bill would give cities 1st pick

By Nick Anderson
Mercury News Staff Writer

An idea is circulating in Congress that could be a boon to cities fearing the closing of neighboring military bases. If the armed forces pack up and leave, give cities first crack at the land, to use as they please.

If the cities don't want it, give it to counties. If they don't want it, give it to states. Only then, so the idea goes, should the federal government reuse the land or sell it to private developers.

Cities like Mountain View, Sunnyvale, Alameda, San Francisco and Monterey County's Seaside and Marina — all neighbors or hosts of installations on Defense Secretary Dick Cheney's latest hit list — could benefit enormously, say backers of a bill proposed by Sen. William Roth, R-Del., and co-sponsored by Sens. Ernest Hollings, D-S.C., and Richard Lugar, R-Ind.

The bill, introduced in March, has far to go before it becomes an influential part of the national base-closing debate. It is before the Senate Armed Services Committee and must pass through a gauntlet of congressional and Pentagon skeptics, especially fiscal conservatives.

But in some cities, the bill, the brainchild of a former Sunnyvale mayor, John Mercer, who works for Roth, is starting to make waves.

"At least for certain communities, it may offset part or all of the negatives associated with base closing," said City Manager Tom Lewcock of Sunnyvale, which could receive half of the land now occupied Moffett Field Naval Air Station, about 1,000 acres, under the proposal. "I would not understand the logic of any city affected by a military base opposing this. Why would you not want control of the land?"

Mayor Norman Shaskey of Mountain View, which would be first in line for the other half of Moffett, was equally enthusiastic: "I think that's a good idea," he said. "The other way, we're the last ones."

But Shaskey, Lewcock and other Sunnyvale and Mountain View officials stress their opposition to closing Moffett.

Under current law, if a base closes, other armed services get first dibs on the land, then federal agencies, and only afterward are regional or local governments allowed to buy it, a spokesman in the Pentagon's Office of Economic Adjustment said. Generally, the land is not given away but is sold at market value, unless local agencies propose a compelling public use to obtain a discount price.

The bill attaches some strings to its proposed giveaway. If local agencies lease or sell the land for private development, the federal government would get one-fourth of the profits. And locals would have to pay for the costs of base conversion.

In some cities, the bill is starting to make waves.

"Our basic philosophy is that things don't tend to work well when somebody gets something for nothing," said Ian Butterfield, an aide to Roth.

But Rep. Tom Campbell, R-Stanford, said the bill may still be giving away too much.

"The federal government would not be able to sell to the highest bidder," Campbell said. "Naturally that would affect the value of closing the bases. It suffers from that one rather large drawback."

And some federal officials contend that local governments already have wide latitude in deciding how closed bases are used, especially if they plan ahead and cooperate with the feds. "My contention is that, when they organize and plan, they get to control a great deal of what's going on — a great deal," said Ken Matzkin of the Pentagon's Office of Economic Adjustment.

One analyst of base closings, Michael Closson, executive director of the Center for Economic Conversion in Mountain View, also had mixed feelings about the bill. "If the Pentagon cannot reap an appropriate return from the sale of these bases, that certainly undermines the money-saving argument," Closson said. "It sounds a little dubious to me."

CITY OF SUNNYVALE

The Heart of Silicon Valley

456 WEST OLIVE AVENUE SUNNYVALE, CALIFORNIA 94086 (408) 730-7470

April 18, 1990

Honorable William V. Roth, Jr.
U.S. Senator
SH-104 Hart Senate Office Building
Washington, D.C. 20510-0801

Brian O'Toole
Mayor

Richard Napier
Vice Mayor

Pat Castillo
Councilmember

Mark Hanlon
Councilmember

Robin N. Parker
Councilmember

Lawrence E. Stone
Councilmember

Barbara Waldman
Councilmember

Dear Senator Roth:

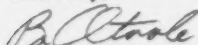
On behalf of the Sunnyvale City Council, I wish to convey our support for your base-closing legislation, S2212. It is our understanding that this bill would reverse the order of land disposition in the event of a base closure in such a way as to go to the affected city first, then the county, then state, then federal government.

What is attractive about this bill is that this provision will make it much more favorable for a local community to consider a base closing. In the event that a base-closing occurs, such an alternative will likely reduce local opposition and therefore make the federal government's job substantially easier in attempting to reduce defense expenditures. That this bill is not connected to the closure of any specific base makes it very palatable for our Council to support.

For your information, five of our Councilmembers met with Congressmen Norm Mineta and Tom Campbell in March and at that time we brought their attention to the bill and let them know of our support.

We appreciate your sponsorship of S.2212 and would be glad to assist in additional efforts to secure its passage.

Sincerely,



Brian O'Toole
Mayor

cc: Congressman Tom Campbell
Congressman Norm Mineta
Senator Pete Wilson
Senator Alan Cranston
John E. Mercer, Minority Counsel,
Senate Committee on Governmental Affairs

Senator DIXON. I thank my friend, the distinguished Senator from Delaware for his contribution. I can assure him that our subcommittee will give it very careful consideration.

I am delighted to recognize the distinguished senior Senator from South Carolina, Senator Thurmond.

Senator THURMOND. Thank you, Mr. Chairman. Mr. Chairman, I want to join you in welcoming our distinguished panelists and ask that my statement go into the record to save time.

Senator DIXON. The Senator's statement will be reproduced in the record in full.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Thank you Mr. Chairman:

I join you in welcoming our distinguished panel to this important hearing on base closings.

Mr. Chairman, I want to compliment you on holding today's hearing. The timing is most appropriate, since many of us on this subcommittee have installations which have been recommended for closing or realignment. In my case, it happens to be Myrtle Beach Air Force Base—one of the finest air bases in the Nation.

Mr. Chairman, given the projected reductions in our military force structure and the number of bases that are already considered excess, the closings are ultimately unavoidable. The Congress must make the difficult decision of closing those bases which have the least utility and will result in the greatest savings to the taxpayers.

Although I support closing excess bases, I expect those recommended for closure to be thoroughly and impartially evaluated before a final decision is made to close the installation. In the case of Myrtle Beach, I will ensure such an evaluation is done and that all alternatives to keep the base open are explored.

Regardless of what happens to my particular base once the decision is made to close a base, the community impacted by the closing must receive maximum economic assistance to offset the loss of jobs and income generated by the base. Although the records show that, in the long run, closing a base increases employment and business revenues, it is the transition period that is critical.

In that regard, I hope we can learn from the current base closing actions and use that information for the second round of closings and those which are certain to follow.

Thank you, Mr. Chairman.

Senator DIXON. Thank you very much, Senator. I can assure you, our subcommittee will evaluate very carefully your recommendations.

Senator THURMOND. Glad to have Senator Roth here.

Senator ROTH. It is always a pleasure to be here, Senator Thurmond.

Senator DIXON. Ladies and gentlemen, our second panel will consist of Mr. David Berteau, Mr. Paul Johnson, Rear Admiral Buffington and Mr. James F. Boatright.

Mr. Berteau, welcome back to the subcommittee. You and your colleagues may proceed. In order to maximize the opportunity for questions, I would ask you, if you would be so kind, to limit your opening remarks to not more than 10 minutes, and your colleagues from the military services to not more than 5. I can assure you that your prepared testimony has been reviewed by the subcommittee and each of those statements will be entered in the record.

STATEMENT OF DAVID J. BERTEAU, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE, PRODUCTION AND LOGISTICS

Mr. BERTEAU. Thank you, Mr. Chairman, we appreciate that. In fact, in the interest of time, with your permission, I will just do a

brief oral statement. We would ask that all four of our formal statements be submitted in their entirety, and then we will forego any other additional oral statements so that you may proceed.

Senator DIXON. Thank you, Mr. Berteau.

Mr. BERTEAU. Of course it is a pleasure to be here again. I want to summarize very briefly. Obviously it is clear that we in the Department of Defense and in the United States have to continue significantly reducing the size of our forces and therefore that we must reduce the number of bases to support those forces. DOD, the Department of Defense, is clearly committed to balancing our force structure and our base structure in order to responsibly reduce that budget.

And it is in that context that Secretary Cheney put forth back in January his announcements for proposals or candidates for additional domestic base closures and realignments, as well as for the overseas bases. There were 35 domestic bases listed as candidates and there were 12 overseas bases.

In addition, of course, we face the very real prospect of concluding successfully the negotiations on the conventional force reductions in Europe. We would expect that a substantial additional number of bases overseas would come out of that, as well as possibly some additional bases in the Orient as well that would not be directly tied to CFE.

The overseas bases can be closed as soon as practical. For those 12, the President, under his authority as commander-in-chief, can begin negotiations with the host country. We can withdraw from there. The domestic installations, of course, will take considerably longer as you know.

Senator DIXON. If I may interrupt, I understand that to be the law. In effect, anything he wants to do with overseas bases can be done without any input from the Congress. Is that substantially true, Mr. Berteau?

Mr. BERTEAU. That is substantially true.

Senator DIXON. I just wanted to make sure that that was your view as well.

Mr. BERTEAU. The candidates that were proposed for study were nominated by the services based directly on the potential force structure reductions that are currently being reviewed and evaluated within the Pentagon. So, what we are trying to do is study candidates for closure in parallel with those reductions of force structure on which the final decisions have also not yet been made. Those force structure reductions have not been folded into the Six Year Defense Plan. The options for study to close bases that the services put on the table were predicated upon those force structure reductions and were tied to those reductions.

If we make these reductions, this is where the bases need to be looked at for closure. Candidates for closure are based also on the management efficiencies that come out of the Defense Management Report and a number of other initiatives associated with that. So a couple of these candidate bases are associated not with force structure reductions but with efficiencies and improvements within the acquisition system more broadly.

As we continue to evolve, obviously we have the potential for additional closure candidates as well. The reason we had to make the

announcements in January is primarily driven by the fact that we have to do the studies under Section 2687 of Title X, to look at the economic and fiscal and budgetary and strategic and operational and environmental issues and then submit those studies to the Congress.

The Secretary felt that it was important to go ahead and put those candidates on the table, rather than to start those studies internally, have them leak out one by one, and gradually over time you would come to the conclusion that there was some kind of a game being played and when was it all going to end.

His decision was to put all 35 candidates on the table, and to start the study in process. Those studies are all underway right now. We are getting regular status reports, and we expect to be in a position for the Secretary to make a decision on those and notify the Congress under the current law next January with the budget submission.

This is a rather cumbersome procedure. In fact, I would hasten to agree with Senator Roth in his earlier comment. Dragging out the base closure process does not help anybody. And in light of that, the Secretary and the administration submitted legislation to streamline that process by allowing congressional notification at any time instead of having to wait and only do it at the budget submission; by eliminating that waiting time there; by waiving the procedural requirements of NEPA, just for purposes of decision making, not for purposes of environmental clean up or property disposal or relocating the activities or any of the other areas where NEPA would cover; by continuing the delegation of GSA's property disposal authority to the Secretary of Defense, as was done with the Base Closure Commission Act; and by establishing a permanent base closure account.

We believe this legislation will aid us substantially in the prompt and effective restructuring of the military base infrastructure. The budget is coming down; the bases have to come down as well.

This legislative proposal is already in our Military Construction authorization bill as submitted by the administration, and we would urge this committee to keep it in that bill when you mark up.

With respect to the 86 bases that you mentioned are closing as a result of the Base Closure Commission, we are already making significant progress in implementing those recommendations. The initial \$500 million funding for the base closure account in fiscal year 1990, coupled with the \$917 million request for fiscal year 1991, are the essential steps to begin to implement that program. Eventually that will save us over \$700 million a year.

I have a lot of detail on that in my statement, but basically we are looking at about \$3.4 billion of total expenditures between fiscal year 1989 and fiscal year 1995 to close those bases. We are looking at about \$2.6 billion in savings during that same time period, most of it in O&M dollars and in military personnel dollars from the reduced work force and the reduced activities.

In addition, we are also looking for land sale proceeds of about \$2.3 billion. We have a net gain of \$1.5 billion by 1995, but as you noted in your opening statement, we do not see a net savings on a annual basis until 1993. Part of the reason we are up to \$917 mil-

lion in fiscal year 1991 instead of the \$500 million in fiscal year 1990 is we are trying to accelerate the construction at the receiving bases so we can speed up the transfer of the forces and the functions at the closing bases.

That will speed up our ability to dispose of the property and sell it and gain the revenues so we get the net savings starting to accumulate there. We can go slower, we can go faster. If we spend the money up front we can speed the entire process up, we can realize the savings sooner, and that is the basic philosophy behind the additional money in 1991.

We care about our people, both the employees and the local communities, and I think that we have proven that we are pretty good at that adjustment process with our priority placement program; with the homeowners assistance program; with the Office of Economic Adjustment and the community planning assistance that we provide. We have a pretty good track record of success.

I think it is going to get better. We are seeing a lot of signs of success coming out of the major closures under the Base Closure Commission and a lot of potential there, and we expect to be able to continue that. And we think that that process of adjustment and assistance benefits everybody and winds up with the local communities benefiting rapidly and to the maximum extent possible.

I might deviate a little from a statement. Senator Roth's proposal is not one that we have completed our review of, but I think conceptually, we agree that the local community and the benefit to the local community is of utmost importance. It is the key critical aspect to the success of the transition from being a defense base to being something that is non-defense related, and we have always tried to involve the communities and give them the maximum benefit there. We have not reviewed his bill, yet, and we are not prepared to comment on the specifics.

On environmental clean-up, we are committed to the clean-up of each closing installation. For fiscal year 1991 our budget proposal has the environmental clean-up cost funded either from the Defense Environmental Restoration Account or from each military department's O&M appropriations. For those under the environmental restoration account, we will continue to pursue the "worst-first policy."

We do not have the studies complete. A couple of weeks ago when we were talking before this committee about the environmental issues, we currently estimate about \$500 million in clean-up cost through 1995. Studies are still ongoing. There may be some additional costs which we will incur.

Of that \$500 million, about \$150 million would be eligible under the Defense Environmental Restoration Account. The remaining amount would have to be funded elsewhere. We do have the authority to fund some of that out of the base closure account, if, in fact, we conclude that that is the appropriate way to go under the law.

You talked about the GAO reviews. We have been exhaustively reviewed by the General Accounting Office in a variety of studies, some of which are still ongoing today.

In the big report, the November 29 report, while it raised some differences in terms of the actual dollars associated with it, GAO

confirmed that even with their own views of the estimates, the annual savings are still substantial. By and large, we feel that their report confirmed the soundness of the methodology used by the Commission and the overall substantiated savings. We feel that now we need to concentrate on implementing these actions as required by the law.

As you well know, Mr. Chairman, you more than anyone perhaps, base closures give us some very tough challenges. And clearly, they also give us some tremendous opportunities to save both defense dollars and taxpayer dollars.

We are here today in the spirit of cooperation, trying to work with you to press on with the tough decisions we face. We know that these 35 may not be the last. If you or I could predict where we are going to end up with the overall defense budget and force structure, we would have a better idea of how much we are going to have to do to get there. But, we feel we need to press on with those tough decisions and that the American people expect and demand that from us.

I would like to conclude my opening statement here. And as I mentioned, my colleagues here will submit their statements for the record. We can press on with your questions if you will.

[The prepared statements of Messrs. Berteau, Johnson, Boatrigh, and Admiral Buffington follow:]

PREPARED STATEMENT OF DAVID J. BERTEAU
PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE
PRODUCTION AND LOGISTICS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Introduction

It is my pleasure to be here today to discuss the Department of Defense base closure initiatives. Two years ago Congress and the Department joined hands to break the base closure logjam and to realize what the GAO has called significant savings. Our current efforts to evaluate additional candidate installations for closure or realignment are equally as important. Current budget realities and the dramatic developments we are seeing in Eastern Europe underscore the importance of streamlining the Department of Defense. We must begin significantly reducing the size of our forces, and therefore must reduce a number of bases that support those forces. There is a clear linkage between forces and bases. The Department is committed to balancing our base and force structures in order to responsibly reduce the Defense budget.

Secretary Cheney's Recent Announcement

Secretary Cheney recently announced proposals for additional base closures and realignments. This was a logical follow-on to the successive five year decline in the Defense budget, to his earlier decision to reflect a 2% per year real decline in Defense spending through FY 1994, and to the changing threats resulting from the dramatic developments in Eastern Europe. There is a certain irony here. Secretary Cheney has been criticized for not reflecting the dramatic developments in Eastern Europe in his Defense budget. Criticized for going too slow. Some of the same people who are making this criticism are saying he is going too fast with base closures. Going too fast by recognizing that

forces will be reduced as threats decline, and therefore the Department will need to reduce its base structure accordingly.

Last fall, Secretary Cheney asked the Services to evaluate their basing requirements, both here and overseas, as they anticipated changes in their force structure. The list of installations announced by the Secretary as candidates for closure or realignment resulted from that request. The domestic installations and activities are currently undergoing the evaluations required by section 2687 of title 10, United States Code and by the National Environmental Policy Act (NEPA).

The Services nominated candidates based on management efficiencies recommended by the Defense Management Report (DMR) and similar studies, and on potential force structure reductions. For instance, the Army, in conjunction with the DMR, is significantly streamlining both the Army Materiel and Information Systems commands to save over 1500 military and civilian spaces. The Navy, in response to the decreasing threat, is projecting a decrease in the required number of air wings and the supporting training structure. They are therefore considering closing both the El Centro and Chase air facilities. The Air Force has similarly determined that the threat allows for a decrease in the number of in-theater reconnaissance forces. The corresponding reduction in training requirements means retiring some RF-4C aircraft at Bergstrom AFB. The remaining aircraft at Bergstrom can be consolidated with training aircraft at other installations.

At overseas locations the closures are similarly driven. For instance, missions performed by the communications stations at Nea Makri, Greece and San Miguel in the Philippines can be absorbed by and performed at other installations. The INF agreement in Europe allows the drawdown of our forces at installations like RAF Greenham Common in the UK. These are but a few examples of how we have arrived at where we are today,

trying to balance our force and base structures.

I would also note that the strategic and budgetary situation continues to evolve. This evolution may bring about further recommendations for closures and realignments. While we must continue to sustain a strong, forward deployed military presence overseas, global and regional trends make it possible for us, in consultation with our allies, to adjust some of our overseas facilities. Additional overseas closures and realignments will clearly be forthcoming once the Conventional Forces in Europe negotiations are completed. However, because less than 30% of DoD's major installations are located overseas, closing overseas bases is not the panacea some believe. We can also anticipate additional domestic closures as we strive to reduce the defense budget responsibly.

Proposed Base Closure Legislation

The study and decision process for the proposed additional base closures and realignments is primarily constrained by the Congressional restriction concerning when decisions can be announced, and by the lengthy public consideration required by the National Environmental Policy Act (NEPA) to evaluate the environmental impacts of closing a base. Consequently, the Administration has submitted legislation to streamline the base closure process: by allowing Congressional notification at any time; by eliminating waiting time; by waiving the procedural requirements of NEPA for base closure decision making, but not for environmental clean up, property disposal, or relocating activities; by delegating GSA's property disposal authority to the Secretary of Defense for base closures; and by establishing a permanent base closure account.

This legislation will aid substantially in the prompt, effective restructuring of the military base infrastructure.

Congressman Aspin has recently filed proposed legislation --H.R. 3908-- to form a base closure commission for these new

closures and realignments. We oppose this legislation for four reasons: base closures are an Executive Branch function that is most effectively left to the Secretary of Defense, who has the responsibility to manage the Department's base structure; a commission can not be as expert as the Military Departments and Joint Chiefs of Staff in dealing with the complex issues of threats, national military strategy, forces, forward deployments, mobilization plans, and treaties; a commission could not provide the essential flexibility to respond effectively to the rapid changes we are experiencing; and, the timeframes provided in Mr. Aspin's proposed legislation are unrealistic.

Easing the Impact

The Department of Defense recognizes that closing a base is traumatic and it is an important job of the Department to ease that trauma. We have a number of programs to mitigate the adverse affects of base closures and realignments on people and on communities.

The DoD Priority Placement Program was established to help employees adjust to the base closures of the 1960's. Since then its track record for placing DoD civilian employees in another job is the best in the Federal Government. Virtually every employee willing to relocate has been placed.

The Homeowners Assistance Program assists employees, both military and civilian, who cannot sell their homes at a reasonable price within a reasonable time, as a result of a base closure announcement.

Local communities are naturally concerned about the impact a base closure can have on business and employment. History shows that, with help, communities can survive base closure and prosper. The DoD Office of Economic Adjustment was established in the 1960's to help communities transition from defense related to commercial economic activity. The Office of Economic

Adjustment provides immediate, targeted assistance to deal specifically with workers and communities by helping design community-based programs to: attract new employment opportunities; improve the infrastructure of the community; resolve transportation problems; and retrain or otherwise assist displaced workers.

This program has been very successful. At 100 former bases they have helped create 138,000 new jobs to replace the 93,000 former DoD civilian jobs lost. The Office of Economic Adjustment has also been helping communities affected by weapon system cutbacks like the B-1B in California, the T-46 in Long Island, and the C-5B in Georgia.

Now some observers have said that the pace of future planned defense reductions in contracts, production lines and base closures call for extraordinary measures. A review of some facts would be helpful here. If you assume that DoD will shrink by two percent a year, as our current budget projects, we estimate approximately 70,000 workers would be adversely affected each year. That's 70,000 out of total national employment of 118 million. The country's economy has been adding over 2 million jobs to the national work place every 12 months. So it is clear the nation's market-based economy can absorb this level of reduction.

Now will there be local problems as we shut down plants and production lines? Yes, there can be, in the same way as there are with base closures. However, we think the way to help is through community market-based economic adjustment, not Federally-sponsored economic conversion. The Department stands ready and willing to help communities and workers economically adjust by helping them plan for and attract new local employment opportunities. Trying to emulate the failed central planning systems of the Soviet bloc, as economic conversion does, will not help anyone. As the CEO of Frisby Airborne Hydraulics, a small

defense subcontractor, said at a recent Congressional hearing, "True conversion will not occur as a result of laws mandating conversion."

Another problem with economic conversion of the defense industrial base is that it is not as neatly a bounded subject as military bases. The industrial base is a large and very complex array of companies that range from the small "mom and pop" firms employing two or three people to the large prime contractors that employ thousands of people over large areas of the globe. In addition, this array of firms range from those who depend very little on defense business to those who are virtually captive. Much of the industrial base is already responding to the changes they see occurring in the defense arena and have begun the process of shifting their capabilities towards commercial products or services without any assistance from the DOD. In a few cases, especially where there is a unique military capability involved, the DOD will be involved in ensuring that military requirements will be able to be satisfied during and after the transition.

The Department's conclusion therefore, is that the "free market" will do the best job of redistributing the majority of this Nation's industrial capability, and that the DOD should only be involved in some situations.

Implementing The Commission's Recommendations

I'd like now to turn to the base closures and realignments that resulted from the Base Closure Commission's work. We've made significant progress in implementing the recommendations of the Commission. This is the Department's first real opportunity to present a comprehensive implementation and financial plan for these closures. The initial \$500 million funding for the Base Closure Account in fiscal year 1990, coupled with our \$917 million request for FY 91, are the first necessary steps toward

implementation of a program that will eventually generate annual recurring savings of over \$700 million.

FY 1991 Budget Request

Table One depicts our FY 91 base closure account budget request by major spending category.

TABLE ONE

FY 91 Base Closure Account Budget Request ((\$M))

Military Construction	670.6
Family Housing	
Construction	38.5
Operations	.4
Operation and Maintenance	131.9
Military Personnel	13.9
OTHER	50.2
Homeowners Assistance Program	11.0
TOTAL	<u>916.5</u>

Items of note within the FY 91 request are medical construction projects at Fort Gordon, Fort Jackson and Cannon AFB requiring \$7 million, and non-appropriated fund projects at Fort Myer and Hickam AFB requiring almost \$11 million from the Base Closure Account. While the Commission did not anticipate a requirement for additional medical facilities, thorough evaluations performed by the Services and the Defense Medical Facilities Office confirm these requirements. The Commission did recognize the need for additional non-appropriated fund facilities in the National Capital Region. Further analysis of non-appropriated fund requirements also confirmed the need for other projects.

Of the total \$916.5 million requested, the Air Force will receive almost \$426 million, the Army almost \$364 million, and the Navy about \$116 million. These amounts are higher than those forecast by the Department last year. Those estimates (\$500 million in FY 90 and FY 91) were derived before the Commission issued its report. Greater detail, including project level data,

is contained in the Department's budget justification which was submitted to the Congress two weeks ago.

FY 1989-FY 1995 Base Closure Financial Plan

Overall, this first round of closures will require \$3.4 billion in base closure expenditures between FY 89 and FY 95 to execute all the required actions. During that same time frame, however, the Department will realize \$2.6 billion in savings, primarily in the Operation and Maintenance and the Military Personnel accounts. We also hope for land sale proceeds of \$2.3 billion between now and FY 95. During execution, therefore, the taxpayer can expect to realize a net gain of \$1.5 billion by FY 95. Savings do not begin to outweigh costs on an annual basis, however, until FY 93.

Table Two depicts the total base closure costs and savings for each year of the program, including funds reprogrammed during FY 89.

TABLE TWO
TOTAL BASE CLOSURE PROGRAM COSTS and SAVINGS
(\$M)

	FY89	FY90	FY91	FY92	FY93	FY94	FY95	Total
COSTS:								
Military Construction	83.8	405.5	670.6	778.1	363.5	-	-	2301.5
Family Housing								
Construction	-	-	38.5	2.6	-	-	-	41.1
Operations	2.5	.4	.4	.4	.1	-	-	3.8
Operation and Maintenance	26.4	56.9	131.9	131.3	238.2	153.7	40.7	779.1
Military Personnel	-	6.2	13.9	17.0	15.3	6.5	-	58.9
Other	-	11.0	50.2	61.7	23.1	16.7	9.9	172.6
Homeowners Assistance Program	-	20.0	11.0	11.0	14.0	-3.0	1.0	54.0
	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL COSTS	112.7	500.0	916.5	1002.1	654.2	173.9	51.6	3411.0

SAVINGS:

Military Construction	83.8	16.8	16.9	108.5	108.6	108.6	108.6	551.8
Family Housing								
Construction	-	12.6	16.9	8.5	9.7	11.3	3.5	62.5
Operations	-	-	15.0	22.1	23.5	63.6	69.2	193.4
Operation and								
Maintenance	-	6.5	48.3	78.7	118.6	271.2	318.6	841.9
Military Personnel	-	- .5*	25.4	77.0	191.8	305.7	310.8	910.2
Other	-	.5	.5	.7	.9	4.9	8.4	15.9
Civilian End Strength	-	-	(374)	(381)	(2886)	(5588)	(6110)	(6110)
Military End Strength	-	-	(2549)	(2745)	(7480)	(8982)	(9259)	(9259)

TOTAL SAVINGS	83.8	35.9	123.0	295.5	453.1	765.3	819.1	2575.7
---------------	------	------	-------	-------	-------	-------	-------	--------

REVENUES FROM LAND SALES	-	-	-	86.3	335.8	506.7	1411.7	2340.5
--------------------------	---	---	---	------	-------	-------	--------	--------

* Represents increased Military Personnel costs

The Base Closure Account will only be used for the one-time implementation costs associated with the Commission's base closure and realignment recommendations. While these costs may seem high, we must remember that we are not reducing our force levels with this first round of closures. Instead we are consolidating our operations. This requires building new facilities, and moving personnel and equipment to receiving bases.

Greater detail on the program's costs, savings, and other associated figures are contained in the Department's budget justification which was submitted to the Congress two weeks ago. This justification contains the complete FY89-FY95 base closure financial plan.

Environmental Cleanup

The Department is fully committed to the clean-up of each closing installation. In FY 1991, all environmental clean-up costs will be funded from either the Defense Environmental Restoration Account (DERA) or the Military Department's Operation and Maintenance appropriations. We will continue to follow the worst-first policy for use of the DERA account. While studies are not complete, we are estimating about \$500 million in total

environmental clean-up costs through FY 95, of which about \$150 million will be eligible for DERA funding. Detailed estimates are included as part of the base closure justification.

Environmental studies are underway and we anticipate completing most of them this year. Community reuse plans are also ongoing. When both are complete, we can balance the anticipated reuse with the necessary cleanup and derive better estimates of costs.

GAO Review of the Commission's Recommendations

The Commission's recommendations have been exhaustively reviewed by the General Accounting office. Their November 29, 1989, report affirmed the soundness of the methodology used by the Commission to identify candidate bases and to estimate costs and savings. The GAO report, viewed in its entirety, substantiates the tremendous accomplishment of the Commission. Their findings confirm that even with their own views of the estimates, the annual savings are substantial. Some supporters of individual closing bases have alleged the Commission made "serious mistakes", but the Commission did not. The Department's February 28, 1990, response to the GAO report and the March 13, 1990, SECDEF report to Congress definitively put those allegations to rest. We must now concentrate on implementing all these actions as required by law.

Conclusion

In summary, base closures present us with some of our best opportunities to save valuable Defense resources and taxpayer dollars. We need to build on the spirit of cooperation achieved during the initial base closure effort, and press on with the tough future decisions we know are ahead. The American people demand and deserve our best effort.

STATEMENT BY

MR. PAUL W. JOHNSON

DEPUTY ASSISTANT SECRETARY OF THE ARMY

(INSTALLATIONS AND HOUSING)

BASE REALIGNMENT AND CLOSURES:

STATIONING THE ARMY OF THE FUTURE

INTRODUCTION

Good Morning, Mr. Chairman. I am Mr. Paul Johnson, Deputy Assistant Secretary of the Army for Installations and Housing. I sincerely appreciate the opportunity to share with you the Army's view of Base Realignments and Closures and how they fit into the Army Secretary and Chief of Staff's vision for the future. This is fundamental and important. We are reshaping an Army and its base structure to maintain Army mission capabilities, protect soldier quality, ensure modernization, and provide flexibility and expansibility.

I would like to address two distinct sets of Base Realignment and Closure initiatives which, when combined, will produce a radically different basing and installation support scheme from what we know today. The first initiatives are those recommended by the Defense Secretary's Commission on Base Closures and Realignments on 29 December 1988 and mandated by Public Law 100-526. The second set of initiatives reflects the base realignment and closure proposals associated with the force structure reductions announced by the Secretary of Defense on 29 January of this year. These are important issues for our Army, especially for the soldiers, families, and civilians who work at these

installations as well as the splendid neighboring communities in which these bases have developed.

We are committed to prompt, thorough, thoughtful, and resolute action in these proceedings to minimize the turbulence on the soldiers, the civilian work force, and the communities and to maximize the support and assistance to all involved. To place these proposals in context, we need to discuss both actions merged into one strategic plan.

BASE REALIGNMENT AND CLOSURES: ROUND 1

On the 29th of December 1988, the Congress and the Department of Defense entered a new era of cooperation in the ongoing effort to streamline the Defense Department's daily operations and increase its operating efficiency. In accordance with the provisions of Public Law 100-526, the SECDEF's Commission on Base Closures and Realignments delivered its final report to the SECDEF who in turn forwarded it to Congress for approval. The House voted overwhelmingly to allow the Commission's recommendations to stand by a margin of 381 to 43 and provided us the mandate necessary to begin bringing the stateside installation structure into trim. These recommendations broke the logjam that had for so long kept us from closing unneeded or underutilized facilities. Since that announcement, we have been working hard to develop a plan to execute this mandate, the results of which were forwarded to this Committee three weeks ago in the form of the Base Realignment and Closure Justification Book. The justification book reflects the macro level timing and resourcing necessary to execute our obligations under PL 100-526. These Commission recommendations assumed stable force structure and focused

on the installations themselves and their utility in supporting the force. Their overall recommendations provided a clean baseline from which we can move forward.

Implementation of the Commission's recommendations will affect 133 Army installations. Seventy-six installations, including 53 stand-alone housing sites, will be closed. Seven installations that will not be closing will both lose and gain activities. Six installations will lose activities while 44 will gain activities. You can see by the sheer number of installations involved that the Army has a tremendous challenge before it. Nevertheless, the program that I am presenting today will accomplish all the relocations within the statutory time limit of 1 January 1990 to 30 September 1995 while minimizing costs and maximizing savings. Guiding tenets in developing our program have been to obey the law, comply with environmental policies, manage the process efficiently, work with the affected communities, minimize adverse effects on personnel, and move no activity before adequate facilities are available to support and house them.

FINANCIAL SUMMARY

The financial summary of the Army's Base Realignment and Closure Program is shown in Table 1. One-time implementation costs during the period FY 1990-1995 total \$1,468 million. Savings during the same period, primarily due to elimination of 2,269 military and 3,657 civilian personnel, total \$753 million. Proceeds from land sales are anticipated to be \$1,009 million. Therefore, the net cost of implementation is programmed to be -\$294 million. Recurring savings are estimated to be \$264 million per year starting in FY 1996.

During the period FY 1990-1994, the Commission's model

estimated implementation costs to be \$1,558 million, savings to be \$1,539 million, proceeds from land sales to be \$1,082 million, and a net cost of -\$1,063 million. The dramatic difference in savings between the Commission's estimate and the Army's program is primarily due to the Commission's assumption that many of the moves and the personnel eliminations could be accomplished early during execution. This would enable the resulting reductions in operation and maintenance and personnel costs to accrue for a longer period of time thereby increasing savings. In reality, this is not possible due to the requirement to construct facilities at gaining installations and to comply with the National Environmental Policy Act. As a result, relocations that the Commission assumed would be accomplished in FY 1990 and FY 1991 are in fact scheduled to be accomplished in FY 1994 and FY 1995.

Even though the Army's estimates of proceeds from land sales are similar to the Commission's land values, they are in fact quite different. The Commission estimated the value of the Presidio of San Francisco land to be \$555 million, regardless of whether it could be sold. However, with the exception of 36.5 acres surrounding the Public Health Service Hospital, the Army cannot sell the Presidio since P.L. 92-589, 26 Oct 72, requires that control of the Presidio reverts to the Department of the Interior when it becomes excess to the needs of the Defense Department. Consequently, the Commission's estimate of \$500 million cannot be realized.

The Army requests \$363.7 million in Base Closure Account funding for FY 1991. As with our FY 1990 program, the majority of this request, \$253.4 million, is for construction of facilities at gaining installations. The

remaining portion of our request will be utilized to:

- a. Move personnel and equipment.
- b. Manage real estate, environmental restoration, and information management area actions.
- c. Relocate Graduate Medical Education students from Letterman Army Medical Center to other medical centers.
- d. Purchase and install information systems equipment for new and renovated facilities.

Savings during FY 1991 result primarily from closure of 36 stand-alone housing sites and the resulting avoidance of operation and maintenance expenses.

IMPLEMENTATION

By the end of FY 1991, the Army will have initiated all of the Commission's recommendations as required by Public Law 100-526. We will complete all moves within this timeframe as well. The implementation schedule for each of the packages is shown in Table 2.

ENVIRONMENTAL COMPLIANCE

The Army is fully committed to compliance with all environmental statutes. In order to comply with the National Environment Policy Act in executing the Commission's recommendations, the Army will publish twelve environmental impact statements (EISs), fourteen environmental assessments (EAs), and one programmatic environmental assessment. Completion dates for these documents are shown in Table 3.

The Army is conducting studies in accordance with the Installation Restoration Program (IRP) to identify contamination at installations that will be closed. The existing protocol has been expanded to include asbestos,

PCBs, and other contamination not normally investigated as part of the IRP.

The Army will ensure that environmental contaminants, either migrating into the groundwater or present in the soils, will be treated, contained, or managed to acceptable human health or environmental standards. The Army's cleanup goal is to accomplish land disposal actions with no restrictions on the property's future use.

We will also determine if potential non-Army future land uses exist that are complimentary and compatible with existing land use. Where appropriate, these properties may be disposed of with restrictions placed on their future use. Such a disposal will not take place where an unacceptable human health or environmental hazard would exist. A final decision will be made only after existing environmental conditions have been assessed in an Environmental Baseline Survey which considers contamination, endangered species, cultural resources, and other environmental issues.

If transferred to another federal agency, the Army will take the lead for all restoration studies and investigations. Who pays for the actual clean-up will be negotiated between the Army and the gaining agency. Unless DERA funds are available, Operation and Maintenance, Army funds will be used for environmental clean-up. No DERA funds will be used unless the site qualifies under DERA criteria alone. No extra weight will be given to a site during the DERA ranking process simply because it is a base closure site. Estimates for clean-up of base closure sites are shown in tables 4 and 5.

BASE REALIGNMENT AND CLOSURES: ROUND 2

Round 1 had one major assumption that makes it

completely different from the Round 2 proposals--the force structure was assumed to remain constant. The focus of the Commission in Round 1 was the installations themselves and how to make the overall installation inventory more efficient. In contrast, the newest proposals are predicated on the assumption that the force will become smaller hence we must downsize the supporting base structure. The work done by the Commission provided the Army with a baseline to evaluate the future basing requirements of the force.

The Army is currently experiencing a radical change in the fundamental assumptions that have guided our stationing policies and consequently our base structure for the past 45 years. With the monumental changes in the communist alliance in eastern Europe and the emphasis on fiscal constraint within our Government, we have begun to relook at how and where we base our forces. The recently announced force structure changes and the attendant base realignment and closure initiatives reflect the initial stages of how we intend to deal with the realities of a shrinking Defense budget and a threat whose nature has changed. This round of Base Realignments and Closures is based on the need to transition our Army to a smaller more capable force in response to the realities above and not solely for the sake of efficiencies as was the case in the first round.

Our proposals to reduce the base structure are clearly linked to the force structure reductions posited by the Defense leadership in late January. They have been balanced against an assessment of our strategic requirements and the funding we see being available in the future. These proposals reflect a plan to accommodate the force structure of the future while sacrificing neither readiness nor our position in the current arms negotiations.

Secretary Cheney has put forth a proposal to greatly simplify and streamline the base closure process. The Army fully supports this initiative because it will allow us to adjust our base structure in concert with our force structure decisions. This approach will ensure our ability to tailor the supporting infrastructure as we evolve the force of the future without the time consuming requirements that have heretofore stymied our base realignment and closure initiatives.

The Fiscal Year 91 budget, and the Base Realignment and Closure Budget therein, reflects the initial stages of our plan to shape the Army of the future. It not only recognizes that we will have a smaller Army in the future, but also acknowledges that to ensure the security of this nation we must maintain a highly professional Army, trained, equipped, and ready for the myriad of complicated and evolving threats we will face in the future.

The Army has been working diligently to develop a framework which clearly and coherently links the realities of the evolving global security environment and a substantially altered threat with our strategic vision and present fiscal conditions. This framework dictates a strategy which focuses on maintaining the Army as a viable strategic instrument by ensuring we maintain a quality force; a forward looking warfighting doctrine; the appropriate mix of forces; tough, realistic training; modernized equipment, and competent leaders. We will have a smaller Army, but it must be a good one. All of the imperatives above drive our need to maintain a flexible stationing plan that provides the Army of the future with the requisite infrastructure to care for, train, modernize, and deploy our force into the 21st century.

The proposals to reduce our force structure make it inevitable that we reduce the accompanying base structure if we are to serve as effective stewards of a dwindling resource base. With the reduction in the end-strength, we will simply have too much installation capacity. We must redirect our remaining resources to ensure we provide quality facilities to the remaining force.

Our near and mid-term plans focus on reductions and realignments within the continental U.S. as we await the outcome of the ongoing arms negotiations. As the situation regarding overseas basing becomes better defined we will begin making more definitive assessments and plans of our forward basing needs.

Ultimately, we envision the Army evolving into a more "U.S. based" force with a smaller portion of our total force being forward deployed. But this will be the result of ongoing treaty negotiations; meanwhile, we must maintain a high state of readiness in order to rapidly deploy in support of contingency or reinforcing operations. Our challenge is clear, we must retain and develop the bases and installations that best support the versatile, deployable and lethal Army of the future.

The Army made its January program adjustments based on a long and careful strategic analysis that started in the Fall of 1987 when we began to seriously assess the impacts of successful conventional arms control and force reduction agreements in Europe. At that time, the Army had already experienced negative real growth in its budget and we could see that the Soviet threat was very likely to be reduced by negotiation.

Although, until the Fall of 1989, Army planning did not

fully anticipate the rapid pace and pervasive nature of the change in Eastern Europe and the Soviet Union, the Army was able to postulate a new end state that remains appropriate to our vision of the world in the near years. That vision is a four corps, twenty-three division Army.

The force structure reductions and realignments which evolved from that strategy necessitated an installation strategy to support the new force configuration. In developing the January installation proposals, the Army employed multiple criteria to ensure that the specific installations proposed for closure or realignment reflected our strategic plan, the new force mix, and the support needed for a more U.S. based troop structure. In addition, fiscal constraints required us to assess new realignments which would enhance productivity and efficiency and lessen the cost of our infrastructure support. In short, the January base realignments and closures were guided not only by force reductions and reconfigurations, but also by Defense Management Review (DMR) and Army Management Review (AMR) decisions to streamline, reconfigure, and consolidate such Army activities as test and evaluation, information systems, and logistics support.

Unlike the Commission's Round 1 recommendations which were enacted into law and currently are being implemented, Secretary Cheney's announcement of 29 January proposed further restructuring necessary to reflect the changing threat and the concomitant reduction in defense budget resources. These proposals require and will receive significant further study and analysis prior to formal decision. Analyses will include compliance with the provisions of the National Environmental Policy Act (NEPA) of 1969; study of the fiscal, budgetary, local economic,

operational and strategic impacts of each proposal; and compliance with the provisions of 10 U.S.C. 2687, if applicable. In addition, each proposal, as well as the proposals in aggregate, will be assessed against the long-term installation requirements now being studied for the projected final Army end-state for the 21 century.

We recognize the environment is dynamic and evolving. Our responsibility is to ensure that the 29 January mid-term proposals make sense and strategically fit into the final long-range plan. Only after completion of this process will the Army be in a position to determine whether to proceed with the proposed closures and realignments.

The smaller Army dictated by our mid-term planning requires less infrastructure; it is as simple as that. In choosing which posts to cut, the Army determined which posts made the least contribution to the Total Force at the margin. We are proud of all of our installations, and they all have benefited from enhancements to the infrastructure in recent years. There are no easy choices. In addition, the Army's installations, particularly those where we conduct unit training and operations, and the land on which they are sited are a precious resource. It makes no sense to excess properties which may be required for a future foreseeable military requirement only to not be able to replace them when needed or to expend considerable funds to try to rebuild a capability. In short, the need for reversibility and expansibility in our infrastructure also was involved in the deliberations which led to our January proposals.

In addition to closures and realignments driven directly by force structure reductions, Round 2 proposals

also include realignments and closures resulting from the DMR and AMR analyses. Given the challenge of the DMR, the Army responded by making changes in its organizational management and philosophy across the spectrum of its management responsibilities.

RECOGNITION OF THE HARDSHIP

As previously noted in the aggregate, the Army's recommended Round 2 base realignments and closures propose to close and/or layaway 12 bases or plants and undertake at least a dozen major realignments, along with numerous smaller realignments or reductions at various Army installations. The Commission's Round 1 recommendations affect 133 Army installations. In making these proposals and in implementing the Commission's recommendations, we recognize and, to the maximum extent possible, will attempt to mitigate the inherent hardships which accompany such announcements not only to our own soldiers, civilians and their families but also the surrounding communities and states in which these installations are located. In the case of the January proposals, new construction projects will be postponed and minimum maintenance funds will be expended as long as an installation is under consideration for closure. This degrades the physical condition of the facilities and leaves the post with an extensive backlog of essential work if a status quo decision is made. The threat of closure and the perceived or real threat to job security also cause some employees to find other employment rather than wait for decision on the installation's future. Inevitably, the local economy may suffer even before a final decision is reached. Recognizing that closure and

realignment studies have an adverse effect on both employees and mission accomplishment even if no change is made, I wish to assure you that we will move as expeditiously as possible to conclude the studies necessary to reach final decisions and respectfully urge the Congress to assist our efforts to move as quickly through the process as you did with the Commission's effort.

To help partially alleviate the hardships in this process, the Army will continue to be sensitive to the needs of the work force at all affected installations. We fully understand the dilemma facing each civilian employee. It has been long-standing Army policy to provide placement assistance and to make all reasonable efforts to find continued employment for its affected employees. Placement assistance includes registration in the defense-wide Priority Placement Program. Registrants under this program will be afforded priority placement consideration to vacancies arising within the Department of Defense for which they are qualified and available. Where displaced employees are required to relocate in order to continue their Federal employment, their transportation and moving expenses will be paid by the Government.

For those employees who cannot be placed or who wish to remain in their present geographic area, the local personnel office will assist in finding local employment. Additionally, the Office of Personnel Management administers a Displaced Employee Program to assist in placement with Federal agencies.

Another benefit program is the Homeowners Assistance Program. The Army is the Department of Defense Executive Agent for implementation of the Homeowners Assistance

Program. It is an entitlement program for both military and civilian homeowners who are unable to sell their homes in a depressed real estate market due to a base closure or realignment decision. The announcement on 29 January 1990 for potential new reductions and closures places additional requirements on the program. As a result of the timing between the 1991 budget submittal and the announcement, these additional requirements were unable to be programmed. Included in the FY 1991 legislative package is a request for authority to transfer monies from other available appropriations to the Homeowners Assistance Fund. The flexibility to obtain resources as a result of unforeseen impacts is needed for this entitlement program.

ECONOMIC REUSE OF CLOSED/LAYED AWAY INSTALLATIONS

Of paramount importance when facing base realignments and closures is to help mitigate the impact on the affected state and local communities. The very words "base closure" incite the full range of emotions from anger to fear to uncertainty for both Department of Defense personnel and the local community. Rarely does it instill a sense of opportunity. However, based on historical experience from previous base closures we know such opportunity indeed exists. This negative perception can and must be turned around but to do so will require an intensive campaign by local communities to develop and explain the positive possibilities for base reuse by other Federal agencies, state and local governments, and most especially the private sector. The Army is committed to working with local communities to establish broad-based reuse organizations and working with those organizations on innovative ways to reuse

closed or layed away bases to create jobs. Handled without organization, base closure and realignment actions can have a devastating effect. This negative impact must be prevented and the Army and Defense through its Office of Economic Adjustment will continue an all out effort to form a partnership with local community reuse organizations to achieve successful reuse transitions.

IMPLEMENTATION: ROUND 2

The analysis, final decision, and implementation for proposals announced in January will be more complex than the closures and realignments under Round 1. The Army supports and encourages the Congress to enact the proposed legislation submitted by the Secretary of Defense. Nevertheless, the Army has initiated its well established procedures designed to develop the detailed information and data required to fulfill the specific requirements of 10 U.S.C. 2687 and the National Environmental Policy Act for proposals shown in Table 6. Major components of this process are the:

Realignment Summary. This will validate our proposals with essential data and analyses necessary for a final Army decision. It will include information such as the proposed action; the rationale for it; the changes it entails; the alternatives considered; major advantages and disadvantages of the action; the environmental consequences expected from its implementation; impacts of the action on manpower and dollars; effects on losing and gaining installations; impacts on affected communities; local community participation; and discussion of the strategic and operational implications and other major factors.

Analysis of Alternatives. This analysis provides a comparison of the feasible courses of action considered in selecting the action recommended for decision. It makes use of evaluation criteria (e.g., facilities/housing availability; capital investment; availability of water, sewage treatment, energy, refuse disposal, and maneuver and range areas; geographic location; environmental impacts; training environment; personnel impacts; budget impacts; reserve component support, etc.) that enable concurrent evaluation of the benefit and impact of alternatives and is the basis for decision briefings to the Army leadership.

Case Study Justification Folder (CSJF). A CSJF is developed for proposals that are expected to have substantive resource impacts. This document will also be an implementation document in that it serves as the basic source for adjustment of manpower, budget, and funding levels resulting from the decision. All resource impacts at losing and gaining bases will be developed.

Environmental Documentation. Compliance with the National Environmental Policy Act will be required for the proposed actions. Environmental documents will identify the environmental, social, and economic impacts in a sufficient manner for general public comment and understanding. This document will be developed concurrently with other realignment and closure documents.

ENVIRONMENTAL COMPLIANCE: ROUND 2

Last month, the Army announced in the Federal Register its intent to conduct Environmental Impact Statements on the proposals to close Fort Ord, Fort McClellan and Sacramento Army Depot. Environmental assessments are being prepared for the other proposals. Depending on the results of these

assessments, additional environmental impact statements may be necessary. Our initial milestone schedule for the major actions is shown in Table 7.

THE PATH AHEAD

The future has become even more uncertain with the radical changes now underway in Eastern Europe. While I am sure we all hoped the specter of communism would fade from Europe, no one could have predicted its headlong retreat at the pace we see today. While the dynamic and unpredictable nature of this change makes it increasingly difficult for us to project exactly our Army of the future, we do know that it will be smaller and must be more capable and flexible than ever. Consequently, we cannot say that the realignments and closures recently proposed will be the last word. We must look at our basing needs in an iterative manner and continually match the needs of our force to the best and most efficient installation support structure.

Along with the uncertainties we see in the political order of the future, we feel the pressures to reduce spending and increase efficiencies and productivity. In response to this need, DOD and the Army have launched several initiatives to streamline and consolidate our management and support infrastructure. The initiative that will most likely heavily influence our base realignment and closure actions is the Army Management Review (AMR), a subset of the larger DOD initiative known as the Defense Management Review (DMR). With this set of management initiatives, the Army intends to reduce the size of selected management and support activities and combine related functions where feasible to produce a leaner, more efficient management structure. These initiatives will cause realignment of people and functions, and could conceivably

cause the closure of selected activities when combined with other realignment and closure initiatives.

MANAGEMENT OF BASE CLOSURE

This collection of initiatives sounds extremely complicated, and in many ways it is, but our plan to execute is quite simple.

Round 1 actions, those dictated under P.L. 100-526, are designed to provide the Army with a clean baseline installation structure. We are in the initial stages of execution and the effort is clearly on course, all we need is the funding.

Round 2 actions, those announced by the SECDEF on 29 January, are balanced against the baseline installation structure as a result of the Commission's work. We are analyzing our base structure needs by weighing our strategic and operational requirements, which are determined by our assessment of the threat, against the fiscal constraints we face. This comparison will lead us to select the combination of installations that best supports our Army's requirements in the most efficient and cost effective manner.

We intend to manage the change prudently, yet with enough flexibility, to accommodate the uncertainties of the future into our plan which provides a coherent, rational stationing plan for the force.

The Secretary and Chief of Staff of the Army have delegated the responsibility for managing and coordinating all base realignment and closure actions to Mrs. Susan Livingstone, the Assistant Secretary of the Army for Installations, Logistics, and Environment [ASA(I,L&E)], and

me. This enormous task consists of two major components: the evaluation of the proposals and the execution of the decisions. A general description of the process is as follows.

The first part of this process is to coordinate the evaluation of the realignment and closure proposals developed by the operational staffs within the Headquarters and the Army in the field. Based on all the studies referenced earlier, we assemble the requisite information and evaluations to support a review and decision by the Army's senior leadership on which bases the Army proposes to close or realign. The Secretary of the Army then forwards his recommendations along with the supporting evaluations to the Secretary of Defense. The Secretary of Defense, in turn, forwards the appropriate decisions and evaluations to the Congress, as required by 10 U.S.C. 2687.

Once the decisions are made, Headquarters, Department of the Army plans the execution of the initiatives. We plan centrally, resource from the Headquarters, and execution is accomplished by the Major Army Commands (MACOMs).

The ASA(I,L&E)'s role is to establish Army policy regarding base realignments and closures. I am charged with managing the execution of the realignments and closures to include the integration of the Army staff and the MACOMs to ensure the Army has a sound, workable plan that provides a base structure capable of supporting the force structure of the future. We both work with military construction, environmental, manpower, and other special staff agencies to ensure full staff integration and compliance with laws and regulations.

The execution of the Round 2 base realignment and closure initiatives, i.e., the detailed planning necessary

to make it happen for those currently under consideration, as well as those mandated under Round 1, will be conducted by the MACOMs who "own" the units and installations affected by these proposals. Additionally, the studies required to reach the realignment and closure decisions will be conducted by the MACOMs during our evaluations.

This is the management structure that has been in place within the Army for several years. We intend to use existing systems and processes to execute these critical initiatives while minimizing operational impacts.

In summary, we will execute the Commission's Round 1 recommendations to the letter. We will continue to evaluate the proposals put forth on 29 January and execute those that are strategically, fiscally, and operationally prudent. Finally, we will balance all the currently announced initiatives against the global security environment as it evolves around us to ensure our plans for stationing will support the national security policy of the future.

CONCLUSION

The Army's initiatives to meet the challenges must be seen as the evolution of an institution dedicated to the defense of our great nation, not the demobilization of a conquering Army. During the demobilization during post-World War I and II, we rushed headlong to dismantle the force with little regard for the consequences. We paid for such haste in blood at the beginning of World War II with the disaster of Pearl Harbor and defeat in the Philippines. Again, we paid in Korea when we rushed untrained and undermanned divisions into combat. We must institute a controlled restructuring effort that allows us to conscientiously and responsibly reshape the Army based on

national security requirements as well as fiscal constraints.

T.S. Eliot wrote in "The Hollow Men;"

Between the idea
And the reality...
Falls the shadow

We have the idea--a smaller, more versatile, deployable, and lethal force. We are working hard to make it a continuing reality. Yet, we still operate in the shadow of uncertainty. With your help and support, we will emerge from this restructuring with a viable, professional Army--an Army that has the quality facilities and installations to ensure its role as a potent, strategic asset.

TABLE 1

P.L. 100-526: ROUND 1
 BASE REALIGNMENT AND CLOSURE
 ARMY FINANCIAL SUMMARY
 (DOLLARS IN MILLIONS)

	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
<u>ONE-TIME IMPLEMENTATION COSTS:</u>			
Military Construction	23.0	175.9	253.4
Family Housing			
Construction	0	0	0
Operations	2.5	0	0
Operation and Maintenance	17.4	26.0	71.8
Military Personnel - PCS	0	0	1.1
Other	0	9.3	37.4
Revenues from Land Sales (-)	0	0	0
TOTAL COSTS	42.9	211.2	363.7
<u>SAVINGS:</u>			
Military Construction	23.0	9.2	15.3
Family Housing			
Construction	0	0	0
Operations	0	0	15.0
Operation and Maintenance	0	1.5	3.7
Military Personnel	0	-0.5	0.9
Other	0	0	0
Civilian ES	(0)	(0)	(25)
Military ES	(0)	(0)	(145)
TOTAL SAVINGS	23.0	10.2	34.9
<u>NET IMPLEMENTATION COSTS:</u>			
Military Construction	0	166.7	238.1
Family Housing			
Construction	0	0	0
Operations	2.5	0	-15.0
Operation and Maintenance	17.4	24.5	68.1
Military Personnel	0	0.5	0.2
Other	0	9.3	37.4
Revenues from Land Sales	0	0	0
Civilian ES	(0)	(0)	(25)
Military ES	(0)	(0)	(145)
NET IMPLEMENTATION COSTS	19.9	201.0	328.8

TABLE 1
(Continued)

P.L. 100-526: ROUND 1

BASE REALIGNMENT AND CLOSURE
ARMY FINANCIAL SUMMARY
(DOLLARS IN MILLIONS)

	FY 1992	FY 1993	FY 1994	FY 1995
ONE-TIME IMPLEMENTATION COSTS:				
Military Construction	332.1	182.1	0	0
Family Housing				
Construction	0.8	0	0	0
Operations	0	0.1	0	0
Operation and Maintenance	83.1	75.8	119.8	32.2
Military Personnel - PCS	0	0	0	0
Other	33.9	14.2	9.4	9.9
Revenues from Land Sales (-)	-86.3	-35.8	-127.3	-760.1
TOTAL COSTS	363.6	236.4	1.9	-718.0
SAVINGS:				
Military Construction	19.3	19.4	19.4	19.4
Family Housing				
Construction	0	0	0	0
Operations	17.3	18.7	45.5	45.4
Operation and Maintenance	4.5	20.9	90.8	130.7
Military Personnel	15.4	61.0	87.4	80.2
Other	0.2	0.2	4.0	8.0
Civilian ES	(32)	(1,479)	(3,185)	(3,657)
Military ES	(975)	(1,644)	(2,143)	(2,269)
TOTAL SAVINGS	56.7	120.2	247.1	283.7
NET IMPLEMENTATION COSTS:				
Military Construction	312.8	162.7	-19.4	-19.4
Family Housing				
Construction	0.8	0	0	0
Operations	-17.3	-18.6	-45.5	-45.4
Operation and Maintenance	78.6	54.9	29.0	-98.5
Military Personnel	-15.4	-61.0	-87.4	-80.2
Other	33.7	14.0	5.4	1.9
Revenues from Land Sales	-86.3	-35.8	-127.3	-760.1
Civilian ES	(32)	(1,479)	(3,185)	(3,657)
Military ES	(975)	(1,644)	(2,143)	(2,269)
NET IMPLEMENTATION COSTS	306.9	116.2	-245.2	-1,001.7

TABLE 2

P.L. 100-526: ROUND 1

IMPLEMENTATION SCHEDULE

<u>Package</u>	<u>Start</u>	<u>Finish</u>
Pueblo Depot Activity	FY 90	FY 94
Lexington-Bluegrass Army Depot	FY 91	FY 95
Army Material Technology Laboratory	FY 91	FY 95
Jefferson Proving Ground	FY 91	FY 95
Umatilla Depot Activity	FY 90	FY 94
AMC Other Properties	FY 90	FY 95
Fort Dix	FY 90	FY 93
Presidio of San Francisco	FY 91	FY 95
Hamilton Army Airfield	FY 91	FY 94
Fort Sheridan	FY 91	FY 94
Fort Douglas	FY 91	FY 95
Fort Meade, Fort Holabird, CIDC HQ	FY 91	FY 95
Fort Devens-Fort Huachuca	FY 91	FY 95
Cameron Station	FY 91	FY 95
Stand-Alone Housing	FY 90	FY 93

TABLE 3

P.L. 100-526: ROUND 1

ENVIRONMENTAL DOCUMENTATION MILESTONES

<u>Environmental Impact Statement</u>	<u>Completion Date</u>
Fort Dix	2 Jul 90
Fort Devens-Fort Huachuca	4 Jul 90
Presidio of San Francisco	12 Sep 90
Fort Sheridan	16 Sep 90
Fort Douglas	23 Sep 90
Fort Meade	24 Sep 90
Army Material Technology Laboratory	30 Sep 90
Jefferson Proving Ground	27 Jan 91
Cameron Station-Fort Belvoir	27 Jan 91
Hawthorne AAP-Fort Wingate-Umatilla-Navajo	14 Mar 91
Pueblo Depot Activity	14 Apr 91
Lexington-Bluegrass Army Depot	30 Apr 91
<u>Environmental Assessment</u>	<u>Completion Date</u>
New Orleans Military Ocean Terminal	15 Apr 90
Tacony Warehouse	15 Apr 90
USARC Gaithersburg	22 Apr 90
Hamilton Army Airfield	23 Apr 90
Fort Des Moines	30 Apr 90
NG Bennett	30 Apr 90
Nike Kansas City 30	30 Apr 90
DMA Herndon	24 May 90
Coosa River Storage Annex	30 May 90
Kapalama	30 May 90
Cape St. George	30 Jun 90
Indiana AAP	30 Jun 90
Pontiac Storage	30 Jun 90
Nike Aberdeen	30 Jun 90
<u>Programmatic Environmental Assessment</u>	<u>Completion Date</u>
Stand-Alone Housing	30 Mar 90

TABLE 4

P.L. 100-526: ROUND 1

BASE REALIGNMENT AND CLOSURE
 DERA FUNDED ENVIRONMENTAL CLEAN-UP COSTS

(DOLLARS IN MILLIONS)

<u>Installation</u>	<u>FY</u> <u>1990</u>	<u>FY</u> <u>1991</u>	<u>FY</u> <u>1992</u>	<u>FY</u> <u>1993</u>	<u>FY</u> <u>1994</u>	<u>FY</u> <u>1995</u>
Alabama AAP	0.25	13.10				
AMTL		10.00				
Fort Meade	0.40	1.50				
Hamilton AAF		0.50				
Umatilla	<u>0.50</u>	<u>1.40</u>	<u>1.00</u>	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>
TOTAL	1.15	26.50	1.00	2.00	1.00	1.00

TABLE 5

P.L. 100-526: ROUND 1

BASE REALIGNMENT AND CLOSURE
O&M FUNDED ENVIRONMENTAL CLEAN-UP COSTS
(DOLLARS IN MILLIONS)

<u>Installation</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
Alabama AAP			0.70	0.10	0.10	0.10
AMTL	2.45	2.50	25.00	22.50	8.55	0.50
Bennett ANG	0.10	0.50			0.40	
Cameron Station	1.05	1.10	9.75	0.10		
Cape St. George	0.05	0.05			0.35	0.05
Coosa River	0.55	0.10		3.30	0.05	
DMA-Herndon	0.45	0.05	0.60			
Fort Des Moines	0.35	0.20			1.90	0.05
Fort Douglas		0.35		1.00	0.10	0.05
Fort Holabird	0.15	0.30	0.05			
Fort Meade	1.50	1.00	30.00	20.00	0.40	0.10
Fort Sheridan	1.80	0.30	5.00	0.90		
Fort Wingate		0.50	5.00		4.50	
Gaithersburg RC	0.20				2.00	0.30
Hamilton AAF	1.10		0.10	4.22	0.08	
Housing Areas	1.25	2.50	1.25			
Indiana AAP		0.20	3.00	0.40	1.50	
Jefferson PG		0.40	3.00	2.00	1.00	3.60
Kapalama	0.40	2.10	0.08			
Lexington	0.50	2.00	1.00	1.00	5.30	0.20
New Orleans MOT	0.10	0.02			0.35	0.03
Nike Aberdeen	0.05	0.40	0.50	1.00	0.05	
Nike KC 30	0.40		0.55	1.00	0.05	
Pontiac Storage	0.50	0.10	0.20	1.10	0.10	
Presidio of SF	2.45	2.10	5.00	0.95		
Pueblo	0.50	4.60	3.00	1.00	0.60	0.30
Tacony Warehouse	0.15	0.10	0.62	0.13		
Umatilla	<u>0.50</u>	<u>2.50</u>	<u>4.70</u>	<u>1.00</u>	<u>1.00</u>	<u>0.30</u>
TOTAL	16.55	23.97	99.10	61.70	28.38	5.58

The costs shown are the best estimates available. Enhanced preliminary assessments are being accomplished at some installations and the rest will begin in FY 1990. FY 1990 and FY 1991 funds are necessary for remedial investigations and feasibility studies. A small amount of remedial design and a minimal amount of remedial action at some of the stand-alone housing sites and other small installations are in the FY 1990 and FY 1991 estimates. The majority of the remedial action will occur in FY 1992 and beyond. The estimates do not include any management, salaries, or travel costs of the US Army Toxic and Hazardous Materials Agency, the Army's restoration agent.

TABLE 6

IMPLEMENTATION SCHEDULE

PROPOSED FORCE STRUCTURE AND BASE REALIGNMENTS

29 JANUARY 1990 (ROUND 2)

<u>Action</u>	<u>*Fiscal Year</u>
Reduce Active Army 135,000 **	90-94
Reduce Reserve Components	90-94
Inactivate 2d Armored Division	90-91
Downsize 194th Armored Brigade	90
Downsize 9th Infantry Division (Mtz)	90-92
Relocate 7th Infantry Division and close Fort Ord	92-93
Layaway Mississippi AAP	90-91
Layaway Indiana AAP	93
Cease workload at and lease Kansas AAP	93
Layaway Louisiana AAP or Scranton AAP	93
Layaway Sunflower AAP	94
Layaway Longhorn AAP	94
Terminate tank production at Detroit ATP	91
Terminate tank production at Lima ATP	93
Realign supply function at Red River AD	90-93
Close Fort McClellan	93
Warmbase Fort Gillem	92
Inactivate HQ, 4th Army	92
Close Sacramento AD	92-93
Eliminate Troop Support Command	92-93
Convert Health Services Command	92-93
Inactivate 1st Region, CIDC	90
Reorganize AMC Headquarters	91-95
Reorganize DESCOM Headquarters	91-95
Streamline AMC Management Engineering Activity	91-95
Streamline Information Systems Command	91-95

* Subject to proposals being approved following completion of required analyses and notification to Congress under 10 U.S.C. 2687, if appropriate.

** Partially satisfied by the actions below.

TABLE 7

ROUND 2

ENVIRONMENTAL DOCUMENTATION MILESTONES*

<u>Environmental Impact Statement</u>	<u>Completion Date</u>
Close Sacramento Army Depot	2Q FY 92
Close Fort Ord and Realign 7th Inf Div	2Q FY 92
Close Fort McClellan	2Q FY 92

<u>Environmental Assessment</u>	<u>Completion Date</u>
Downsize 9th Infantry Division	3Q FY 90
Inactivate 2d Armored Division	3Q FY 90
Warmbase Fort Gillem	2Q FY 91
Downsize 194th Armored Brigade	3Q FY 90
Realign Supply Function at Red River Army Depot	3Q FY 90
Layaway Mississippi AAP	3Q FY 90
Eliminate Troop Support Command	3Q FY 90
Layaway Indiana AAP	4Q FY 92
Layaway Kansas AAP	4Q FY 92
Layaway Louisiana or Scranton AAP	4Q FY 92
Layaway Sunflower AAP	4Q FY 93
Layaway Longhorn AAP	4Q FY 93
AMR/DMR Actions	As Required

* Environmental documentation milestones for all other proposed Army actions are under development.

STATEMENT OF: THE HONORABLE JAMES F. BOATRIGHT
Deputy Assistant Secretary of the Air Force for Installations

SUBJECT: BASE CLOSURES

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

It is indeed a pleasure for the Air Force to discuss base closures with you today. Over the past year, we have validated implementation requirements for the SECDEF's Base Realignment and Closure Commission recommendations and developed the gameplan which will allow closure by 1995. As you recall, the Commission recommended the closure of five Air Force bases--Pease AFB, New Hampshire, Mather AFB, California, Chanute AFB, Illinois, George AFB, California, and Norton AFB, California. As you can see from Table I, we are well into implementation on these bases and we expect closure of our first base--Pease--in the second quarter of fiscal year 1991.

CLOSURE SCHEDULE		
	First Unit Moves	Closure Dates
Pease AFB, NH	Feb 1990	Mar 1991
George AFB, CA	Jan 1990	Dec 1992
Mather AFB, CA	Mar 1990	Sep 1993
Chanute AFB, IL	Mar 1990	Sep 1993
Norton AFB, CA	Mar 1990	Jun 1994

Table I. Closure schedule for Base Realignment and Closure Commission Bases

The Commission's recommendations for the five Air Force bases led to the large scale realignment of forces to 23 different bases. This occurred because force structure was not reduced in consort with the closures. Excess basing capacity allowed the Air Force to absorb the additional requirements and close the five installations. While excess capacity did exist for expansion at the realignment locations, facilities were required to beddown the incoming forces. As Table II illustrates, this led to a large MILCON bill. The current estimate for the MILCON program associated with the recommendations of the Commission is \$1.05 billion including planning and design.

MILITARY CONSTRUCTION (\$ in Millions)	
Pease AFB, New Hampshire	7.4
George AFB, California	177.0
Mather AFB, California	172.4
Chanute AFB, Illinois	202.9
Norton AFB, California	418.1*
Planning and Design	<u>72.6</u>
Total	1,050.4

* The MILCON cost projections for Norton AFB will be significantly reduced by the subsequent decision to inactivate the C-141 unit rather than relocating it to March AFB. (See discussion at pages 7-8 of this statement)

Table II. Military Construction for Base Realignment and Closure Commission Bases

The Air Force closure program was phased to provide closure of the original five bases at the earliest opportunity while minimizing the impact on mission accomplishment. This allows the Department of Defense to take advantage of savings and revenues provided by reductions to Air Force end strength, base

operating support costs, and anticipated proceeds from disposal of real property at the closure bases.

While \$1.07 billion is required up front to close the Air Force bases, the General Accounting Office has confirmed the Base Realignment and Closure Commission's analysis that the bases will all pay back within six years of closure. Table III highlights the point that by the time we close the last base--Norton--in 1994, we expect all implementation costs for the five bases to be paid back. Additionally, we expect annual savings of approximately \$410 million to begin in 1995.

COSTS and SAVINGS FY 90 - 95 (\$ in Millions)						
	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
Costs	206	426	425	315	45	9
Savings*	<u>18</u>	<u>62</u>	<u>164</u>	<u>569</u>	<u>819</u>	<u>996</u>
Net	188	364	261	-255	-774	-987
Cumulative	188	552	813	558	-216	-1,203
* Includes anticipated proceeds from sale of real property						

Table III. FY 90-95 Costs and Savings for Base Realignment and Closure Commission Bases

Implementation funding for fiscal year 1990 consists primarily of initiation of military construction projects designed to accommodate the movement of units into gaining locations. In compliance with the National Environmental Policy Act (NEPA), we will prepare disposal/reuse Environmental Impact Statements (EIS) with FY 90 funds. These EISs will be based on community reuse plans and should be completed in 1991. Additionally, there are a number of small unit moves. As we progress into fiscal year 1991, funding continues for military construction at the gaining locations. As construction projects at some locations become ready to receive incoming forces, large units begin to move. One base--Pease--relocates all

personnel and force structure and closes in the second quarter of fiscal year 1991.

Table IV. provides a funding breakout by base for fiscal years 1990 and 1991.

IMPLEMENTATION REQUIREMENTS (\$ in Millions)		
	<u>FY 1990</u>	<u>FY 1991</u>
Pease AFB	9.0	26.2
George AFB	56.5	113.3
Mather AFB	0	41.7
Chanute AFB	31.2	124.9
Norton AFB	96.9	96.9
Program Management*	<u>12.0</u>	<u>22.9</u>
Total	205.6	425.9

*Includes all MILCON planning and Design.

Table IV. FY 1990 and FY 1991 implementation requirements for Base Realignment and Closure Commission Bases

A primary concern during the implementation and disposal process is full compliance with the National Environmental Policy Act. Closure and realignment Environmental Impact Statements (EIS) are nearing completion at our five closure locations and EISs/Environmental Assessments are complete or underway at 23 realignment locations. Additionally, the hazardous waste cleanup process is ongoing. We have made a commitment to work closely with the communities as we identify our environmental areas of concern and property disposal plans. The Air Force objective is to develop a well balanced plan that maximizes the financial return to the Department of Defense, satisfies the community desires, and meets other Federal requirements such as the McKinney Act and the Bureau of Prisons. Milestones for Community reuse planning and Air Force EIS and Disposal Plans are portrayed on Table V.

NEPA and REUSE PLANNING MILESTONES

	<u>Community Reuse Plan Complete</u>	<u>Reuse EIS Complete</u>	<u>USAF Disposal Plan Complete</u>
Pease AFB	Sep 90	Jun 91	Jun 91
George AFB	Sep 90	Sep 91	Jun 91
Mather AFB	Sep 90	Sep 91	Sep 91
Chanute AFB	Sep 90	Sep 91	Jun 91
Norton AFB	Sep 90	Sep 91	Sep 91

Table V. NEPA and reuse planning milestones for Base Realignment and Closure Commission Bases

Turning now to current Air Force cost saving proposals, we will be evaluating the closure of four additional U.S. bases this year and will withdraw forces from 11 overseas bases. We have initiated the preparation of Environmental Impact Statements at the four bases being studied for closure. I will start by highlighting those actions which affect the Base Realignment and Closure Commission's recommendations.

The Air Force is undertaking an effort to streamline, modernize, and reduce training programs within the fighter and forward air control mission areas. Specifically, a decrease in the number of Forward Air Control (FAC) assets required, coupled with the modernization of the FAC force has affected one of the Base Realignment and Closure Commission recommendations regarding the closure of George AFB, California.

The Commission recommended realignment of 24 OV-10s and the personnel of the 27th Tactical Air Support Squadron (TASS) from George AFB to

Davis-Monthan AFB, Arizona. Forward Air Control training is a primary mission at Davis-Monthan AFB which led to its logical selection for realignment of the unit. Additionally, in a domino effect, it was recommended that the 9 EC-130s of the 41st Electronic Combat Squadron relocate from Davis-Monthan to Bergstrom AFB, Texas. The Commission recommended this realignment primarily to make room for the incoming 27th TASS. Due to Forward Air Control force reduction and modernization, the Air Force has decided to retire the 27th TASS in place at George AFB rather than move it to Davis-Monthan AFB. By not moving the unit, we will avoid spending \$1.6 million in military construction required to support the unit at the new location and some relocation costs. Retiring the OV-10s negates the requirement to realign the 41st ECS to Bergstrom AFB which could save \$9.7 million in military construction and \$8.5 million in relocation costs.

Bergstrom AFB, Texas, is one of the bases we are currently evaluating for closure. A decision to study Bergstrom for closure is based upon a reduction within the Soviet military threat environment which has reduced requirements for in-theater reconnaissance forces. A corresponding reduction in training requirements could enable the retirement of some RF-4C aircraft at Bergstrom AFB, creating excess capacity at the base. If the decision is made to recommend Bergstrom for closure, any remaining RF-4Cs could be relocated to installations with sufficient capacity to absorb the incoming force structure. Additionally, the closure of Bergstrom could provide a less costly alternative to the local community's plan to construct a \$750 million commercial airport outside Austin, TX. Over the next year, we will address closure and relocation options along with the strategic, operational, budget, fiscal, environmental and local economic consequences related to the closure of Bergstrom.

Closure of Norton AFB, California, has been affected by changing airlift

requirements, coupled with airlift force modernization by the C-17 aircraft. The Commission recommended the closure of Norton and the realignment of 36 C-141s to March AFB, California, a Strategic Air Command base. Relocating over 8,000 people associated with Military Airlift Command and other tenants from Norton to March requires military construction that represents approximately one third of the total construction costs for all five bases--more than \$340 million. The Air Force has decided to inactivate the active duty C-141 unit at Norton. This will avoid a major portion of the construction costs. Additionally, this action allows us to inactivate some of the oldest C-141 airframes, reducing the need for extensive maintenance. The Air Force is studying an option to retain 16 of the C-141s by transferring the 445th Military Airlift Wing (AFRES) from Norton to March, as provided in the Commission's report, but with organic aircraft rather than in associate status. With this option, the 303rd Tactical Airlift Squadron at March AFB, presently operating eight C-130B aircraft, could deactivate. The estimated military construction to support this option is currently being determined.

Turning now to additional base closure actions that do not affect the recommendations of the Base Realignment and Closure Commission, I would like to discuss Eaker AFB, Arkansas; Myrtle Beach AFB, South Carolina; and Los Angeles AFB, California.

As the B-1 aircraft achieved operational status in the strategic nuclear role, we have and will continue to reduce numbers of aging and costly to maintain B-52s. Fourteen B-52G aircraft could be retired from Eaker AFB, Arkansas, without degrading the ability of the Air Force to meet strategic objectives. This reduction creates excess capacity at Eaker AFB and presents the opportunity to evaluate the

base for closure. As with Bergstrom, over the next year we will address relocation options for the 14 remaining KC-135 tanker aircraft assigned to Eaker. For your information, preliminary analysis indicates there will be no construction required to support this closure.

Evaluation of the closure of Myrtle Beach AFB, South Carolina, is a function of reductions within the Soviet military threat environment and force modernization actions within our own tactical forces. As tactical forces are streamlined to match the Soviet threat, the versatile and modern F-16 is being considered as the Close Air Support aircraft of the future. Replacement of the A-10 has reduced requirements for A-10 close air support assets. These reductions enabled either the retirement of A-10s assigned to Myrtle Beach or their use to modernize our Forward Air Control force. As you know, Myrtle Beach AFB is one of 11 Air Force civilian joint use airfields. We recently agreed with community requests to increase daily operations based on their expanded requirements. If the decision is made to recommend Myrtle Beach AFB for closure, this will allow the local community to transition the aerodrome to a full general aviation or commercial airport operation. Like Eaker AFB, there should not be any military construction costs associated with the closure of Myrtle Beach AFB.

The final base to be evaluated for closure within the U.S. is Los Angeles AFB, California. For many years now the Air Force has been concerned about the financial hardships imposed on Air Force personnel assigned to Los Angeles AFB because of the very high cost of living in the Los Angeles area. Relocation of assigned activities to other Air Force installations could solve this problem and make some very valuable property available for commercial development. This proposal

could be feasible only if special legislation were passed to permit the sale or exchange of base real property to offset the cost of construction at receiving location(s). The final determination on the economic feasibility of this proposal must await completion of the studies currently underway. Assuming prompt action and the passage of the special legislation, our preliminary studies indicate that we could begin implementation in 1993 and have the base closed in 1994.

The Secretary of the Air Force provided the figures shown on Table VI when testifying before the House Armed Services Committee on the 8th of February. The Table shows that the initial estimated savings for the four U.S. bases and 11 overseas bases are \$2 billion with annual savings of \$560 million after 1995. This represents 93% of the total annual savings provided by all DOD closures recommended by the SECDEF's Commission.

AIR FORCE EFFICIENCIES Total Costs and Savings (\$ in Millions)					
	Costs		Total Costs	Savings*	Annual
	1990	1991	1990-1995	1990-1995	Savings After 95
Base Closure I	206	426	1,400	-2,600	-410
DMR	0	93	450	-11,400	-2,700
Base Closure II	11	111	550	-2,000	-560
Total**	217	619	2,260	-15,600	-3,500
* Includes one time and recurring savings and, for Base Closure I, projected receipts from sale of real property.					
** Adjustment to avoid double counting.					

Table VI. FY 90-95 Costs and Savings

I would now like to briefly summarize our overseas cost saving proposals. Withdrawals of force structure and personnel from overseas are again driven by

reductions in the Soviet threat which allow us to reduce our forward deployment posture. We have taken several streamlining initiatives aimed at increasing our efficiency and thereby reducing operating costs. In some cases, the action involves retirement of force structure while at other bases, the force structure is relocated to achieve consolidation efficiencies.

Those bases where forces will be retired or inactivated include: Taegu AB, Korea, 18 RF-4C aircraft will retire; Zweibrucken AB, Germany, disposition of RF-4C aircraft is contingent upon the Conventional Forces Europe agreement; and RAF Wethersfield, UK, a Civil Engineering RED HORSE squadron will be inactivated. Bases with forces being realigned include: RAF Fairford, UK, 13 rotational KC-135 tankers will realign to RAF Mildenhall, UK; Suwon AB, Korea, 12 OA-10s will move to Osan AB, Korea; and Hellenikon AB, Greece, two rotational RC-135s will be relocated. Finally, overseas bases where U.S. presence will either diminish or be completely withdrawn include: Kwang-Ju AB, Korea, reverts to a Collocated Operating Base; Comiso AB, Italy, and RAF Greenham Common, UK, complete withdrawal as part of the Intermediate Nuclear Forces Treaty; and complete withdrawal of Air Force operations at Munitions Support Sites located at Eskisehir and Erhac AB, Turkey.

In conclusion, I have outlined those cost savings initiatives the Air Force is evaluating related to the closure of bases within the United States and I have discussed the withdrawal of forces from overseas locations. The Air Force has carefully examined the large changes in our force structure and has made corresponding adjustments to the basing structure that provides support. By adjusting the base structure to align with the force structure it supports,

the Air Force can achieve highly efficient and fiscally sound operations while continuing to ensure that national security strategy objectives are met.

As you can see, the Air Force is aggressively implementing the closure of Pease, Mather, Chanute, George, and Norton. Additionally, this year we will evaluate the consequences of closing Myrtle Beach, Eaker, Bergstrom, and Los Angeles. While Title 10 USC 2687 requires that we provide a decision to you with the submission of the FY 1992 budget, we have always worked closely with you and kept you informed of our future plans. We will continue this process as we examine ways to reduce the current size of the Air Force while maintaining a well trained and equipped force ready for combat whenever and wherever required.

STATEMENT OF

REAR ADMIRAL J. E. BUFFINGTON, CEC, U. S. NAVY
DIRECTOR, SHORE ACTIVITIES DIVISION, OFFICE OF THE
DEPUTY CHIEF OF NAVAL OPERATIONS, LOGISTICS

MR. CHAIRMAN, I AM REAR ADMIRAL JACK E. BUFFINGTON, DIRECTOR, SHORE ACTIVITIES DIVISION, OFFICE OF THE DEPUTY CHIEF OF NAVAL OPERATIONS, LOGISTICS. I APPRECIATE THE OPPORTUNITY TO REPRESENT THE SECRETARY OF THE NAVY AND THE CHIEF OF NAVAL OPERATIONS IN REVIEWING THE NAVY'S BASE CLOSURE INITIATIVES. OUR INITIATIVES INCLUDE IMPLEMENTATION OF THE BASE REALIGNMENT AND CLOSURE COMMISSION'S RECOMMENDATIONS OF DECEMBER 1988, ONGOING STUDIES BASED ON POTENTIAL FORCE LEVEL REDUCTIONS AND SECRETARY CHENEY'S ANNOUNCEMENT IN JAN 1990. CLOSURE ACTIONS REQUIRED AS A RESULT OF THE BASE REALIGNMENT AND CLOSURE COMMISSION ARE STRAIGHT FORWARD. FINAL DECISIONS ON THE SEVENTEEN (17) CANDIDATE NAVAL BASES FOR CLOSURE OR REALIGNMENT MENTIONED IN THE SECRETARY'S ANNOUNCEMENT, AND ANY OTHER FINAL ACTIONS BASED ON POTENTIAL FORCE LEVEL REDUCTIONS DEPEND UPON THE OUTCOME OF THE ONGOING STUDIES.

TODAY, I WOULD LIKE TO PROVIDE A BRIEF OVERVIEW OF THE RELATIONSHIP OF THE NAVY'S PAST AND PRESENT FORCE STRUCTURE AND THE SHORE ESTABLISHMENT, AN UPDATE ON THE IMPLEMENTATION STATUS OF THE BASE REALIGNMENT AND CLOSURE COMMISSION'S RECOMMENDATIONS, A REVIEW OF WHERE WE STAND IN REGARD TO SECRETARY CHENEY'S ANNOUNCEMENT OF THE NAVY CANDIDATE CLOSURES OR REALIGNMENTS, AS WELL AS OTHER POTENTIAL ACTIONS BASED ON FORCE STRUCTURE ADJUSTMENTS.

OVERVIEW

CLEARLY, THE SIZE OF THE NAVY'S SHORE ESTABLISHMENT IS DEPENDENT UPON THE SIZE OF THE FLEET. THROUGHOUT THE YEARS AS THE SIZE OF THE FLEET HAS INCREASED OR REDUCED, SO HAVE THE SHORE FACILITIES. DURING THE VIETNAM ERA WE REACHED A PEAK IN

1968 OF 976 SHIPS DISPERSED AT 65 HOMEPORTS. CONVERSELY AS THE FLEET DECREASED IN SIZE TO A LOW OF 479 SHIPS IN THE LATE 1970'S, THE NUMBER OF HOMEPORTS WAS REDUCED TO 34. IT WAS SUBSEQUENTLY RECOGNIZED THAT OUR FLEET WAS NOT ADEQUATE TO MEET OUR MISSION AND, IN THE EARLY 1980'S, WE PROCEEDED WITH A PROGRAM TO INCREASE THE SIZE OF OUR FLEET TO APPROXIMATELY 600 SHIPS, AND TO INCREASE THE NUMBER OF OUR HOMEPORTS TO 44. THEN CAME THE BASE CLOSURE COMMISSIONS RECOMMENDATIONS NOT TO OPEN NEW HOMEPORTS THAT WERE UNDER CONSTRUCTION AT NAVAL STATION, LAKE CHARLES, LOUISIANA; NAVAL STATION, GALVESTON, TEXAS; AND NOT TO PROCEED WITH HOMEPORTING AT HUNTERS POINT, CALIFORNIA. THIS REDUCED THE PROPOSED NUMBER TO 41.

RESPONDING TO A POSSIBLE FORCE REDUCTION AND BUDGETARY REALITIES, SECRETARY CHENEY RECENTLY ANNOUNCED SEVENTEEN (17) ADDITIONAL NAVY CANDIDATES FOR CLOSURE OR REALIGNMENT. AS INDICATED IN THE ANNOUNCEMENT, NAVY PROPOSED THESE BASES TO THE SECRETARY AS CANDIDATES FOR CONSIDERATION FOR CLOSURE OR REALIGNMENTS. THE SHORE ACTIVITIES ANNOUNCED FOR STUDY BY SECRETARY CHENEY WERE NOMINATED BASED ON PRELIMINARY ASSESSMENTS, WITH A NUMBER OF THE BASES BEING IDENTIFIED FOR STUDY ONLY IF THE NAVY WERE TO UNDERGO SIGNIFICANT FORCE STRUCTURE REDUCTIONS BEYOND THOSE CITED IN THE SECRETARY'S PROPOSED BUDGET.

THE DIFFICULT QUESTION WE HAVE TO ANSWER IS, "IF WE ARE TO MAINTAIN OUR FORWARD NAVAL PRESENCE AND MARITIME SUPERIORITY, TO WHAT EXTENT CAN WE AFFORD TO MAKE FORCE REDUCTIONS, AND HENCE BASE REDUCTIONS, IN VIEW OF THE CHANGING GLOBAL SITUATION?" THE ANSWER TO THAT QUESTION MAY NOT BE AS READILY AVAILABLE AS IT IS TO OUR SISTER SERVICES. IT CAN BE ARGUED THAT AS WE BRING MORE TROOPS HOME AND HAVE LESS ACCESS TO OVERSEAS BASES WE WILL RELY MORE THAN EVER ON OUR ABILITY TO OPERATE IN INTERNATIONAL WATERS, FREE OF BASE RIGHTS ISSUES,

OVERFLIGHT ISSUES AND OTHER RESTRICTIONS ON INDEPENDENT MOVEMENT OR ACTION. I CAN ASSURE YOU, HOWEVER, THAT WE ARE SERIOUSLY STUDYING OUR FORCE STRUCTURE REQUIREMENTS WITH A GOAL TOWARD ACHIEVING MAXIMUM EFFICIENCY AND EFFECTIVENESS WHILE MAINTAINING OUR FORWARD PRESENCE AND MARITIME SUPERIORITY. WHEN THESE FORCE STRUCTURE REDUCTIONS ARE DETERMINED, FINAL DECISIONS WITH REGARD TO THE CANDIDATE CLOSURES OR REALIGNMENTS WILL BE MADE, AS WELL AS DECISIONS WITH REGARD TO THE REMAINDER OF OUR SHORE ESTABLISHMENT.

BASE REALIGNMENT CLOSURE COMMISSION RECOMMENDATIONS

THE NAVY IS PROCEEDING VERY WELL WITH IMPLEMENTATION OF THE BASE REALIGNMENT AND CLOSURE COMMISSION RECOMMENDATIONS. THE MAJORITY OF THE RECOMMENDATIONS RELATE TO THE NAVY'S STRATEGIC HOMEPORTING PROGRAM. THREE STRATEGIC HOMEPORTS CURRENTLY UNDER CONSTRUCTION WERE DESIGNATED TO RECEIVE FUNCTIONS TO BE RELOCATED FROM ACTIVITIES SCHEDULED FOR CLOSURE OR REALIGNMENT. THESE ACTIONS INCLUDE DECISIONS NOT TO COMPLETE NAVAL STATION LAKE CHARLES, LOUISIANA AND NAVAL STATION GALVESTON, TEXAS AND RELOCATE THE FUNCTIONS TO NAVAL STATION INGLESIDE, TEXAS; TO CLOSE NAVAL STATION BROOKLYN, NEW YORK AND RELOCATE FUNCTIONS TO NAVAL STATION STATEN ISLAND, NEW YORK AND TO REALIGN NAVAL STATION PUGET SOUND, WASHINGTON AND RELOCATE SOME FUNCTIONS TO NAVAL STATION EVERETT, WASHINGTON.

OF THE \$500 MILLION APPROPRIATED FOR THE DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT IN FY 1990, \$15.6 MILLION IS ALLOCATED FOR MILCON AT STATEN ISLAND, \$19.2 MILLION FOR EVERETT AND \$28.4 MILLION FOR INGLESIDE. BECAUSE WE HAVE ONGOING ARCHITECT/ENGINEER AND CONSTRUCTION CONTRACTS AT THESE HOMEPORTS, WE HAVE BEEN ABLE TO EXPEDITE FACILITY RELOCATION EFFORTS. THESE PROJECTS ARE ALL IN FINAL STAGES OF DESIGN WITH AWARDS SCHEDULED FOR THIS SUMMER. THE \$916.5 MILLION FY 1991 REQUEST FOR THE DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT

INCLUDES \$23.6 MILLION FOR STATEN ISLAND, \$13.7 MILLION FOR EVERETT AND \$.9 MILLION FOR INGLESIDE. IN ADDITION, THE FY 1991 REQUEST INCLUDES \$59.5 MILLION FOR THE INITIAL CONSTRUCTION AT NAVAL STATION, PEARL HARBOR, HAWAII, RESULTING FROM THE COMMISSION'S RECOMMENDATION NOT TO EXECUTE THE STRATEGIC HOMEPORTING PROGRAM AT HUNTERS POINT, CALIFORNIA AND TO RELOCATE A BATTLESHIP AND TWO CRUISERS TO PEARL HARBOR. DESIGN OF THE FY 1991 PROJECTS IS UNDERWAY WITH CONSTRUCTION AWARDS EXPECTED EARLY IN THE FISCAL YEAR.

IN ADDITION TO THE \$161 MILLION IN PROJECTS PREVIOUSLY CITED, WE HAVE APPROXIMATELY ANOTHER \$140 MILLION IN MILCON REQUIREMENTS THAT WE PLAN TO EXECUTE IN FISCAL YEARS 1992 THROUGH 1994. WE HAVE ALREADY STARTED DESIGN ON \$50 MILLION OF THESE REQUIREMENTS AND WILL BE READY TO AWARD ADDITIONAL DESIGN CONTRACTS AS FUNDS BECOME AVAILABLE.

WE FORSEE NO MAJOR PROBLEMS IN CARRYING OUT CONSTRUCTION OR RELOCATION ACTIONS NECESSARY TO MEET REQUIRED REALIGNMENT/ CLOSURE DEADLINES. WE EXPECT TO BEGIN REALIZING NET COST SAVINGS FROM CLOSURE/REALIGNMENT ACTIONS BEGINNING IN FY 1993. IF EXPECTED REVENUES FROM LAND SALES ARE OBTAINED, TOTAL REVENUES AND SAVINGS WILL EXCEED OUR IMPLEMENTATION COSTS IN FY 1995. DISPOSAL OF EXCESS REAL ESTATE ASSETS RESULTING FROM REALIGNMENT IS HOWEVER DEPENDENT ON COMPLETION OF NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) DOCUMENTATION AND REQUIRED ENVIRONMENTAL CLEAN-UP, WHICH IS NOT YET CLEARLY DEFINED, AND FOR WHICH FUNDING IS NOT PROVIDED IN THE BASE CLOSURE ACCOUNT. IN ADDITION, OUR ESTIMATED REVENUES FROM DISPOSAL OF REAL ESTATE COULD BE SIGNIFICANTLY REDUCED IF THERE ARE NO-COST TRANSFERS TO OTHER GOVERNMENT AGENCIES RATHER THAN SALES AT FAIR MARKET VALUE.

FUTURE CLOSURES FROM FORCE STRUCTURE REDUCTIONS

I STRONGLY SUPPORT SECRETARY CHENEY'S INITIATIVE TO

EXPEDITE THE BASE CLOSURE PROCESS TO ENABLE CLOSURES TO BE AFFECTED QUICKLY AND SAVINGS TO BE REALIZED PROMPTLY, CONSISTENT WITH FORCE STRUCTURE ADJUSTMENTS. BASE CLOSURES AND REALIGNMENTS ARE AN INEVITABLE AND NECESSARY RESPONSE TO REDUCTIONS IN OPERATING FORCES AND INITIATIVES TO ACHIEVE EFFICIENCIES IN OUR SHORE INFRASTRUCTURE IN A TIME OF INCREASINGLY LIMITED RESOURCES. HOWEVER, AS I PREVIOUSLY MENTIONED, THE OPTIMUM FORCE STRUCTURE AND THE REQUIRED SUPPORT FACILITIES ARE NOT EASILY DEFINED IN OUR RAPIDLY CHANGING WORLD. FOR THESE REASONS, THE NAVY IS CURRENTLY DEDICATING A CONSIDERABLE EFFORT TO DEFINING A PROPER FORCE STRUCTURE/SUPPORT FACILITIES MIX.

WE HAVE RECENTLY COMMENCED AN IN-DEPTH REVIEW OF OUR SHORE INFRASTRUCTURE TO DETERMINE WHICH BASES SHOULD BE CLOSED OR REALIGNED, IN ORDER TO ACHIEVE MAXIMUM EFFICIENCIES WITHOUT ADVERSELY AFFECTING STRATEGIC AND OPERATIONAL REQUIREMENTS. WHILE THIS STUDY WILL CERTAINLY FOCUS ON THOSE BASES ALREADY IDENTIFIED AS CANDIDATES FOR CLOSURE OR REALIGNMENT, THE NAVY'S ENTIRE SHORE ESTABLISHMENT, INCLUDING STRATEGIC HOMEPORTS, WILL BE INCLUDED IN THE STUDY EFFORT. NOT UNTIL AFTER FORCE STRUCTURE IS SET AND ALL THESE STUDIES ARE COMPLETED, INCLUDING ALL ENVIRONMENTAL STUDIES REQUIRED BY LAW, WILL FINAL DECISIONS BE MADE. ALTHOUGH OUR INTERNAL REVIEW, WHICH WILL FOCUS PRIMARILY ON BUDGETARY, STRATEGIC, AND OPERATIONAL CONSIDERATIONS, SHOULD BE COMPLETED BY THE END OF THE SUMMER, REQUIRED ENVIRONMENTAL STUDIES ARE EXPECTED TO TAKE MUCH LONGER, UNLESS THE EXISTING BASE CLOSURE LAW IS AMENDED AS PROPOSED BY SECRETARY CHENEY. CONSEQUENTLY, WE STRONGLY RECOMMEND YOUR SUPPORT OF THIS LEGISLATION.

CONCLUSION

MR. CHAIRMAN AS I HAVE INDICATED WE STRONGLY SUPPORT SECRETARY CHENEY'S INITIATIVES ON BASE CLOSURES AND

REALIGNMENTS. AS WE HAVE DONE IN THE PAST WHEN REQUIRED BY CHANGING GLOBAL SITUATIONS, WE INTEND TO CONTINUE TO MAKE APPROPRIATE ADJUSTMENTS TO OUR FORCE STRUCTURE AND SHORE ESTABLISHMENT. WE HAVE TAKEN IMMEDIATE ACTION IN IMPLEMENTING THE BASE CLOSURE COMMISSION'S RECOMMENDATIONS AFFECTING THE NAVY. THE FUNDS DESIGNATED FOR THE NAVY IN THE FY 1991 BASE CLOSURE ACCOUNT REQUEST ARE ESSENTIAL IF TIMELY AND COST EFFECTIVE IMPLEMENTATION OF THESE RECOMMENDATIONS ARE TO BE REALIZED. FINALLY, MAXIMUM EFFORTS ARE UNDERWAY TO GET US TO THE POINT WHERE ADDITIONAL DECISIONS ON NAVY SHORE ESTABLISHMENT ADJUSTMENTS CAN BE MADE ONCE THE FORCE STRUCTURE IS SET. WE WILL ADVISE YOU AS SOON AS THESE DECISIONS ARE MADE. THANK YOU AGAIN MR. CHAIRMAN FOR THIS OPPORTUNITY TO ADDRESS YOUR SUBCOMMITTEE.

Senator DIXON. Thank you very much, Mr. Berteau. I am delighted to see my friend, the distinguished Senator from Alabama, Senator Shelby, here.

Senator SHELBY. Thank you, Mr. Chairman. I am glad to be here with you and I want to commend you for having these hearings. I think they are not only timely, but very important, and it is responsible, I believe, on your part as chairman of the subcommittee.

Senator DIXON. I thank the Senator from Alabama.

Do any of your colleagues have a statement they want to make before we begin the questioning, Mr. Berteau?

Mr. BERTEAU. I think we will go to the questioning.

Senator DIXON. We appreciate that very much.

Mr. Berteau, in January, Secretary Cheney announced this package of United States and overseas closure and realignment proposals.

May I ask you first, what role did the Office of the Secretary of Defense have in drawing up that list?

Mr. BERTEAU. Initial inputs to the list were submitted by each of the service secretaries, independent of one another. And those lists were then consolidated and reviewed by us in a relatively short period of time prior to the announcement. No deletions were made to the service submissions, with one exception.

Those installations which were proposed for closure overseas but which were predicated upon the successful completion of the CFE negotiations, the Secretary elected, at this time, to remove those from the list, not wanting to get too far ahead of the negotiation process in terms of announcing those.

Senator DIXON. I see. That would account for the fact that there were less on the list, than it was my understanding, the various commanders had originally put in. Is that right?

Mr. BERTEAU. Yes, sir.

Senator DIXON. I thank you for that clarification.

Now what force levels were the military services directed to use in developing base closures and realignment proposals? Are you able to tell me that?

Mr. BERTEAU. No, sir. The specifics—and each of the services may want to comment on what they actually used—but in terms of the Secretary's guidance, he did not predicate a specific force level. He went back to proposed levels that the services had previously submitted for discussions internally.

I am not at liberty to lay out specifically what those are at the moment, but they were predicated upon, in fact, budget adjustments as well as force level adjustments.

Senator DIXON. I see. Does any one of your colleagues want to add anything to what you have said on that?

For instance, we talk about various numbers. If the President's numbers are what end up being the numbers in Europe, it is going to be 195,000 with a floating 30,000. I am talking about this out of memory, so I could be wrong on the numbers. I suppose that indicates ultimately a certain amount of requirements for bases there.

The last number I saw on Korea was a 7,000 reduction, which I thought was relatively small, may I say, over a period of years. But in any event, the point I am making is, are we trying to rationalize base closures relating to force levels or do I sense from you that it is mostly budget driven now without any basis in—

Mr. BERTEAU. No, I did not mean to imply that. For example, the force levels, the Navy's was predicated upon 12 carrier battle groups as opposed to 14, but that was the Navy's own proposal for force reductions.

Senator DIXON. Oh, yes.

Mr. BERTEAU. We did not, in the guidance to the services, go into specifically what theater they would be necessarily placed in. The same was true with the Army in terms of the division structure and with the Air Force in terms of the tactical fighter wings. The guidance to the services that the Secretary gave on developing base closure candidates did not specify the theaters in which they would be located.

For example, the Korean number is one that has evolved subsequent to the compiling of the list of candidates for study domestically, and is, in part, a result of the Secretary's trip there and the continuing negotiations that are going on there.

The specifics, when you get down to which units would be located in which place overseas, were not a part of the Secretary's guidance to the services. That was part of the flexibility where the tradeoffs could still occur. With the overseas bases, particularly, we expect to see a lot more coming out down the road.

So the domestic bases were predicated not upon specific closures overseas, but what the overall domestic, the CONUS-based, force structure would probably look like after that.

Senator DIXON. The Department of Defense has a moratorium, I think, on new construction or at least it has had for the last several months, is that still in effect?

Mr. BERTEAU. It is still in effect. It went into effect in January. It was on all new military construction contract awards. That freeze was originally scheduled to end April 30. As part of that freeze

process the services were asked to review their military construction situation to report to the Secretary of Defense. Those reports came in just within the last couple of days.

We are looking at those now and will make some recommendations to the Secretary and he will make some decisions as to how much or what, if any, of the freeze would be lifted or would remain in effect. And we would expect to be in a position, after his decision, to be notifying the committee of the outcome of that.

Senator DIXON. I presume we are taking into account contemplated base closures with these construction projects? I do not want to go over old ground, but for instance, when they closed Chanute in my State, they were still building new buildings while they were closing it.

Mr. BERTEAU. We would like to not be in that situation again, if possible.

Senator DIXON. Yes. Good.

My friend from Alabama?

Senator SHELBY. Thank you, Mr. Chairman. I appreciate your indulgence. I have a number of questions, but I will take my time, subject to you calling me, Mr. Chairman.

Mr. Berteau—is that how you pronounce it.

Mr. BERTEAU. Berteau.

Senator SHELBY. I asked you this question earlier when you testified before this subcommittee, dealing with environmental restoration projections, whether or not you had been made part of round 2 of the base closure process before the announcements were made in January. I would like to ask you the same question and also the other panelists here.

Mr. BERTEAU. With respect to the specific candidates, the 35 bases that went on the list, we did not look at those and say what is the environmental clean-up costs associated with that before making the decision to put them on the list. That is one of the six things that we are studying now that they are candidates on the list.

So in fact, we did not do a review ahead of time with an eye toward taking something off the list if, in fact, there was an environmental clean-up problem.

I suspect none of the services did either because they all knew those would be things we would be studying as part of that process, but I would like to ask the Navy and Air Force.

Admiral BUFFINGTON. Yes sir, that is the case with the Navy also. We did not take a look at it at the time, but we are looking at it now.

Senator SHELBY. Subsequently?

Admiral BUFFINGTON. Yes, sir.

Senator SHELBY. Same answer?

Mr. BOATRIGHT. Yes, sir, for the Air Force as well.

Senator SHELBY. Did any of you have very much input into this other than the report came up and you reviewed it? Did you actually have a vote on it or anything, formal vote?

Mr. BERTEAU. We do not really operate the Defense Department on a formal vote basis in the same sense that the legislative branch does.

Senator SHELBY. We understand that.

Mr. BERTEAU. If, in fact, there had been a substantial reason to say this base should not even be a candidate for study for closure, we certainly had the opportunity to have raised that as a concern. That was not the case in any of the 35.

Senator SHELBY. Let me stop you a minute. Do you say that these bases are a study for closure or are they a proposal to close?

Mr. BERTEAU. They are a proposal—

Senator SHELBY. I think there is a little difference.

Mr. BERTEAU. They are proposed candidates, which we then have to study. So it would be, in part, that process can either be done behind closed doors or it can be done out in the open. And we elected to go ahead and start it and do it out in the open. But they all have to be studied and they have to be studied according to the procedures laid out by law.

Senator SHELBY. Mr. Boatright, are there any Air Force facilities located on foreign soil on the recent base closure list?

Mr. BOATRIGHT. Yes, sir.

Senator SHELBY. How many?

Mr. BOATRIGHT. Eleven bases were identified, I believe, by the Air Force.

Senator SHELBY. I can look at the record and see where they are.

Admiral Buffington, are there any Navy installations located on foreign soil on this list?

Admiral BUFFINGTON. Yes, sir, we have three.

Senator SHELBY. Thirty of them?

Admiral BUFFINGTON. Three.

Senator SHELBY. Three?

Admiral BUFFINGTON. Yes, sir.

Senator SHELBY. Where are those three?

Admiral BUFFINGTON. We have Bermuda; Nea Makri, Greece; and San Miguel in the Philippines.

Senator SHELBY. Okay.

What about the Army installations, Mr. Johnson?

Mr. JOHNSON. None, sir.

Senator SHELBY. None.

Mr. BERTEAU. And those, if I might, Senator Shelby, fell into the category of bases that were removed by the Secretary because of their relationship to the ongoing CFE negotiations.

Senator SHELBY. Let me ask you this, and I will direct it to the Army or I guess all of you. Where do you house a chemical corps other than at Fort McClellan, Alabama? Do any of the services have a chemical training corps?

Mr. Johnson?

Mr. JOHNSON. Sir, ours is at McClellan.

Senator SHELBY. What about any of the other services? The Marines do not have that, do they? Navy, nothing? In other words, the defense chemical corps would be with the Army at Fort McClellan, Alabama, is that right?

What would you do if you closed Fort McClellan with the Third World chemical capability, I guess you would say, coming on strong. Would we be without chemical capability if Fort McClellan were closed, shut down or would you move it somewhere else? Is that your proposal?

Senator DIXON. None of this is classified, is it?

Mr. BERTEAU. Not yet. We do not intend——

Senator DIXON. Will you know when it is?

Mr. BERTEAU. Yes, sir.

Senator SHELBY. Tell us when we are getting close.

Mr. JOHNSON. Of course, this is just a proposal.

Senator SHELBY. Proposals get to be serious things.

Mr. JOHNSON. That is correct, but they are still in a study mode.

Senator SHELBY. We understand that.

Mr. JOHNSON. We have started the environmental impact studies. But we would never be without something that we needed. In case we had to relocate the school that would happen.

Mr. BERTEAU. From a DOD-wide perspective, we clearly would need to continue the chemical training capacity somewhere. If we were to close Fort McClellan we would have to establish that capability somewhere else.

Senator SHELBY. Then you would have tremendous environmental problems, would you not?

Mr. BERTEAU. We would only make that decision if, in fact, based upon both the economic analysis and the environmental analysis, it made sense to do so. You raise and have raised before the very serious question of whether or not that will pan out, and I cannot pre-judge the outcome of the studies.

Senator SHELBY. It is a very serious question for you to decide, is it not?

Mr. BERTEAU. Yes, sir. I think if we were in fact to make that decision, it would be based upon a justification and a requirement that we could clearly layout to you and the world that would support that.

Senator SHELBY. Well, I thank you for that.

Are you familiar with the testimony that General Pihl and Assistant Secretary Conver gave before the House Armed Services Committee on Research and Development?

I believe Congressman Dickinson and also Congressman Browder were into some questions there. Basically, I believe this was Dickinson's question, I will try to paraphrase it. He was concerned over the proliferation of chemical weapons in the Third World, just like I had raised and so forth, and it was important to have a chemical corps training school for our soldiers to be able to deal with toxic, chemical, nerve gases and so forth, if the need arose.

Are you familiar with his answer on that? One, I think Conver stated basically that the Army has yet to come to grips with the issue.

Mr. JOHNSON. I am not familiar with that, although that is not inconsistent with the statement that we have not finished the study.

Senator SHELBY. Okay. Later Congressman Browder asked General Pihl if there would be any disruption in our capability if we are to close down the Army's chemical school and decontamination facility and move it elsewhere. General Pihl answered, and this is the record and I quote:

"Sir, certainly there would be disruption. The live agent test facility, brand new, which Mr. Dickinson referred to, the Army is trying to figure out a way to keep that open."

Do you have any comments on that? Mr. Johnson, do you want to speak?

Mr. JOHNSON. I do not have any comments on it, sir. I was not at the hearing, nor did I read the testimony.

Senator SHELBY. Mr. Secretary?

Mr. BERTEAU. I am not aware of where the Army stands on that issue. They have not submitted anything to us yet on that because that is part of the process that is still underway.

But I certainly take that as an element or a very strong factor that would have to be built into that consideration before, in fact, the Secretary would make a decision to go ahead with closing Fort McClellan.

Senator SHELBY. But the fact that Fort McClellan, whether it be located in Alabama, which it is, or anywhere else in the Nation, has a unique mission in the Army because of its chemical corps, different than a lot of other bases.

Mr. BERTEAU. That factor enters into play really in two ways, and they run counter to one another. The unique capability makes it essential, obviously, that if it is a unique capability that is still required, that we find somewhere else to do that. And that does impose some costs and that is a burden on us and that is true whether it is chemical or not.

Senator SHELBY. Why would you find somewhere else to do it when you can do it there?

Mr. BERTEAU. Because of the other side to that coin. When you have a facility that is essentially a single-function facility, that is not a broad multi-mission, multi-function facility, your overhead costs get loaded up on that one function, essentially. And when you look at relocating it somewhere else, you have a much smaller share of overhead cost that wind up having to be added.

So it becomes a question of cost and effectiveness and essentiality.

Senator SHELBY. But you also have a double mission base there, do you not, in the military police and the chemical corps? I understand you can move the military police without a problem, without environmental problems to speak of and so forth. But there is a certain uniqueness in the Chemical Corps, dealing with that and also the environmental problems associated with it, both ways. Is it not?

Mr. BERTEAU. I cannot dispute either of those. Those clearly would have to be offset by stronger advantages before we would make a decision to close that; the same would be true of any other installation.

Senator SHELBY. Mr. Chairman, my time is up on this round. I will wait for the next round. Thank you.

Senator DIXON. Thank you, Senator. I wanted to give you an opportunity to conclude the points you wanted to make.

Mr. Berteau, the package of closures proposed by Secretary Cheney, as we were talking about before, includes 13 overseas installations which are being studied for closure, most are Air Force, none Army. With the exception of the withdrawal of ground-launch cruise missiles and tactical reconnaissance units, these closures do not result from significant force reductions.

When can this committee expect the Department's list of overseas closures, associated with the substantial force reductions in Europe and Asia, which have been announced by the administration?

Can you give us an expectation date?

Mr. BERTEAU. I cannot give you a date on that, sir. I think we are staying in tandem with the negotiations in terms of the proposals that we would put on the table. But I would be foolish if I tried to predict now when those negotiations are going to be completed.

We certainly have a full court press on to get them done as soon as possible, but obviously global events are making it difficult to predict that.

Senator DIXON. After consultation with others in the Department is it possible that you could at least supply to us in writing what you would consider to be a reasonable date at which we could expect those to be made known?

Mr. BERTEAU. If I could tie that to the successful conclusion of the negotiations, I could give you that amount of additional time between the conclusion of the negotiations and when we would then be able to give that to you.

Senator DIXON. For planning purposes it would help us.

Mr. BERTEAU. All right, we will do that.

[The information follows:]

The approximate time required from successful conclusion of Conventional Forces Europe agreements to naming of installation closures could be about 90 days. Factors that will determine the actual length of time for naming bases will be the specificity of the agreements and the timeframes established by the negotiations.

Senator DIXON. Pursuing that further, how do you relate currently announced plans for overseas base closures with the conclusions of the Department of Defense's 1988 overseas basing report on these issues? I am particularly thinking of the finding that the Army could close up to 20 European sites; none have been closed almost 2 years after the report.

Does that fit in with your earlier statement that a reevaluation indicated nothing ought to be done at this time?

Mr. BERTEAU. I do not, off the top of my head, recall the comparison of the 20 that were in that report, or even the exact number. I do not remember if 20 is the right number, but it was roughly that. I cannot compare the bases in the overseas basing study with the Army's candidates that were CFE connected. I do not remember the exact connection between those two, in terms of which might be on both lists.

But the study done by the overseas basing study in 1988 was predicated upon a steady-state force structure, not a force structure that was going to be coming down by 30 or 40 percent in Europe.

Senator DIXON. It occurs to me that—

Mr. BERTEAU. I think the relationship would be somewhat lost in history now.

Senator DIXON. That is why it concerns us on this subcommittee, that at one time there was a list of 20 before there were any contemplated force reductions under CFE talks or anything else and now that has disappeared.

I do not mean that argumentatively. I tell you candidly there is some feeling in the Congress which I know you sense that not

enough is being done on overseas base closures, while we are all taking these tremendous hits at home.

I hope you understand that I say that in an entirely nonpartisan and friendly way. But if you go back to a state like mine, where bases have been closed—my friend from Alabama referring to the potentiality of one in his, and that is occurring all over the country, sometimes with some profound distress, and I know you are conscious of that. And then we hear they are not closing any bases overseas, it becomes a very, very dicey and delicate thing.

Now I do not know, somewhere I heard a number that there is a 1,000 small, large and medium-sized and little bitsy installations, bases around the globe. And it seems to me, I do not mean this offensively, that we do not get much return from the Department, suggestive of what could be done.

Now again, I would only suggest that to you because you might want to take a look at that. We do, even in our cloakroom conversations, hear a lot of talk about that.

Mr. BERTEAU. Yes, sir, I think we are very sensitive to that.

Senator DIXON. Are you sensitive to it?

Mr. BERTEAU. Yes, sir. At the time when we went forward with the Secretary's proposal in January, it was built with the expectation that we would be achieving the President's time table of the CFE negotiations being concluded by June. We may still make that. I mean, I am not going to say that we are not going to make that.

We would expect to be able to come forward very shortly after that with a list, and it would be substantially more than the 20 that were mentioned in the report in 1988.

Senator DIXON. You say it will be substantially more?

Mr. BERTEAU. Yes, sir, the list associated just with the CFE reductions alone would be substantially more than the 20, as well as over other overseas installations. However, when you use a figure like 1,000, that is actually correct, but the vast majority of those, 600, 700, or maybe even 800 of those, are almost unworthy of the name installation actually. We are talking about tiny little dots, many of them not even occupied. They are just there for our use if and when we need them.

Senator DIXON. For the simple purpose of informing this Senator who is chairman of this subcommittee, further, how many significant bases of any consequence would you say there are in the world at large outside the continental limits of the United States?

Mr. BERTEAU. I am going to talk from memory. I probably have it somewhere in this book but if I spent the time to look it up it—

Senator DIXON. I will not hold you to it.

Mr. BERTEAU. Somewhere on the order of 400 to 500 domestic, depending on how you define major. And somewhere on the order of 130, 150, something like that, overseas bases, depending, again, on how you define major.

So you are looking at roughly a ratio of three to one, major domestic to major overseas.

Senator DIXON. I see.

Mr. BERTEAU. And in fact, when you take the minor stuff into account, you have roughly 4,000 domestic and 1,000 overseas, but that includes the stand-alone housing, the telephone poles—

Senator DIXON. So in fact the number is much larger domestically than overseas, by far.

Mr. BERTEAU. By roughly, three to one, four to one, by the time you count all the little stuff as well.

Senator DIXON. Admiral Buffington, may I ask you something about Staten Island Home Porting?

Admiral BUFFINGTON. Yes, sir.

Senator DIXON. We would like to know why the Navy is proceeding to bring the new home port at Staten Island to operational status pending completion of its force structure review? As I understand it, the central rationale for this home port was to support a battleship surface action group, but the battleship, of course, is being retired. While I gather that the Navy has replaced it with a cruiser, it would seem to me that Staten Island has become a port looking for a mission.

And I want to say beyond that, that frankly, home porting was a tremendously hot subject around here a couple of years ago. We had a real barroom battle about that on the floor of the Senate as you know. I think there is still a sense around here among many of us that we are doing an awful lot of home porting for a shrinking fleet.

What would be your response to that?

Admiral BUFFINGTON. First, starting back in the late 1960s, we had 976 ships and about 65 home ports. Then in the 1970s we went down to about 479 and 34 home ports, and then we realized that we were too small to meet our mission. So we decided we would go up to about 600 ships and 44 home ports, and that included the strategic home port that you are talking about. Basically, now there are five of them, six of them counting Pensacola.

And at this point in time, we see we are going to have some drawdown. However, we are already well underway in construction. Basically, we have already paid for Staten Island.

Now we are getting something with those new home ports that we do not have in the old home ports. The ships now that are coming on-line, take for instance, the new destroyers, they draw 10 feet more water than the old ones did. They are about 70 feet longer and about 3,000 tons heavier, and require a whole lot more utilities than the old ships did.

Now these new ports are all designed for that. The old ships you could pull in some place and just breast them out from each other, dump sewage overboard and everything else. This is in days gone by.

Now when a ship pulls into port, it must be hooked up with water, sewage, power—and power particularly. Some of the newer ships draw two or three times the power as the old ones did. So you have a real problem with facilities at our older bases.

Now, at New York, for instance, we have a beautiful pier in there, already ready to go. It has all the power requirements on it. It will support the new and modern ships that are coming out, and the same thing with the other new home ports. That is why we have really been pushing to hang on to strategic homeporting.

Senator DIXON. The Senator from Alabama.

Senator SHELBY. Thank you, Mr. Chairman.

Going back, Mr. Secretary and other members of the panel, going back to the chemical corps, chemical school, I know—well we all know—and I do not want to get into classified material, you just stop me if we do—that we have capability around the world, especially in certain areas.

As we draw down these forces, maybe more and more overseas, and there is still a need, defense-wise, for chemical weapons or we perceive that it be so because of the Third World and other situations, why not consolidate some of our forces around the world and capability at a base that we already have, if this base is cut out for that mission?

Mr. BERTEAU. I think that is an option that we clearly have to consider before we make that decision, yes, sir.

Senator SHELBY. But you are studying that, too?

Mr. BERTEAU. If I were in a position to announce a decision today by the Secretary, based upon the evidence that we have accumulated, et cetera, I still would not, under current law, be able to do that. I would have to wait until next January to do that anyway.

Senator SHELBY. We understand that.

Mr. BERTEAU. But we are not in a position to make that decision and at Fort McClellan we are undergoing the full environmental impact statement process, which does take a considerable amount of time and has to lay out all the alternatives and—

Senator SHELBY. And it is an unusual environmental study, is it not?

Mr. BERTEAU. They all seem that way to me, but yes, sir, it is.

Senator SHELBY. But this would be unique with the chemical corps there.

Mr. BERTEAU. It has some aspects to it that would not be present in the environmental impact studies at the other bases.

Senator SHELBY. Okay. I want to shift over to Admiral Buffington. We have been told from reputable sources, as some of the media says, a reliable source, that Secretary Garrett is about to recommend to Secretary Cheney a new list for study for closure that includes 34 installations.

At the time the Navy will ask Secretary Cheney to remove five installations from the current proposed list, the round 2 list. Can you either confirm or deny this or is this for another hearing?

Admiral BUFFINGTON. No, sir, but I tell you, we are studying every base that we have right now.

Senator SHELBY. Okay. What about regarding the postponement of military construction projects? You know in some instances this makes sense. But what about dealing with bases where you have got proposals—well, one, for example, is Redstone Arsenal. We have been trying to get a project going down there to save some money, consolidate some buildings and so forth. I know that the Secretary of the Army and others are familiar with it.

These are not bases that are on any hit list. Why should any kind of a freeze or slow down apply to just about everything? What are you going to do about that?

Mr. BERTEAU. Are you talking about the Sparkman Center particularly?

Senator SHELBY. Yes, that is right, specifically.

Mr. BERTEAU. I could let the Army answer it, but he would only tell you that they have already submitted a proposal and that we are reviewing it.

The proceeding to contract of the Sparkman Center is one that we are looking at proposed by the Army—

Senator SHELBY. Sure.

Mr. BERTEAU. We are looking at the costs and benefits associated with that and had some additional questions which are being amplified somewhat by the Army in terms of the information used to justify that. We would expect to go forward to the Secretary with our recommendation on that proposal.

Senator SHELBY. We are anxiously awaiting the go ahead, we want to build it soon.

Mr. BERTEAU. Yes, sir, I understand that. I am well aware of that. I have spent a fair amount of time on that personally already, and we will continue to do that until we get it resolved.

Senator SHELBY. Okay, thank you.

About home ports, Admiral Buffington, you brought out a good point. You have new designs of ships. You have new requirements of the ships for home porting, not only the depth of channels, but the maintenance of them, and so forth.

I do not know if you need home ports everywhere. Although I am from the Southeast, all anyone needs to do is look at the Gulf of Mexico, you look at the trouble we have had in the past 10 years or 15 or 20 years in Central America and some flash points. It just looks to me that the home porting in certain areas strategically makes sense.

Do you want to comment on that?

Admiral BUFFINGTON. Well, Senator, we think so too. Also, we are spending a bit more time in port with our ships these days. Additionally, we are overloaded at some of our current bases.

I was the commanding officer down at Norfolk, Virginia, at the Public Works Center. I was in charge of maintaining all the piers, the whole base and everything else. And I will tell you, we were grossly overloaded and that is why we are really looking hard at keeping strategic homeports.

Senator SHELBY. And strategically one of the reasons, not the only reason, dealing with home porting, is the dispersal of fleets, is it not?

Admiral BUFFINGTON. Yes, sir.

Senator SHELBY. And also being able to be in hot spots or areas a little quicker, a little safer maybe.

Admiral BUFFINGTON. Dispersal of forces also counts if you have less ships. It makes it that much more important. So we do not think anything has really changed in that arena.

Senator SHELBY. Thank you, Mr. Chairman.

Senator DIXON. Thank you, Senator Shelby.

Mr. Berteau, one of the key concerns of base closures, I am sure we all agree, is the reemployment prospects for civilian workers, both appropriated and nonappropriated fund employees, and also service contract workers.

In the past the Department has had an excellent record of reemploying career employees who were willing to move to other locations.

Mr. BERTEAU. Yes, sir.

Senator DIXON. What steps does the Department plan to take to offer reemployment opportunities to its civil service and nonappropriated fund employees who are displaced by the current and future rounds of closures?

Are you talking about that over there?

Mr. BERTEAU. Yes, sir. We took a hard look at the way the priority placement program has been working. And you are absolutely right, for those people who are willing to move where the job is, we have a virtual 100 percent placement. Only if somebody will say, no, I am not going to leave town will we have more trouble doing that.

We took a look at it from the perspective of, all right, if we are going to close more bases, if we are going to be reducing the size of the force, we are going to be eliminating jobs under the DMR, the Defense Management Report, efficiencies and so on, can the priority placement program continue to handle a much larger magnitude of people.

We did a number of scenarios there and came to the conclusion that we expect that it would be able to do that. And in some cases we may have to increase the amount of potential retraining that we would do to make people eligible for a wider array of potential jobs, for example.

But at the time that we looked at that last fall, we came to the conclusion that we expect that we will continue to be doing that. We will watch that very closely. If we need to expand the program or take additional steps, we would do that.

A couple of the untapped areas that are there for example have to do with using other Federal jobs. Currently we place something on the order of 4 or 5 percent of the people we place through the priority placement program end up working for another Federal agency besides DOD.

The potential is there to expand that. We have a clear tie in. It is automated, it is all there, to be able to use the entire Federal job vacancies as a placement there.

In the past we have not pursued that tremendously because we believe we have some very good people working for us and we would like to keep them in DOD, if possible. Given that our numbers are going to be going down, we can take much better advantage of the broader Federal work force and be able to locate people there.

In addition, we have the capability to help out-place people into private sector jobs and even to pay some of their costs there. And we can take better advantage of those opportunities as well.

So we feel we have the structure in place, the authorities in place and the capability there that we can take the load that we are looking at over the next couple of years and be able to manage that within the existing priority placement program.

Senator DIXON. Are you addressing the question of medical facilities and some of these bases that are being closed around the country and the medical facilities that were available to people in the area as a consequence of that?

Mr. BERTEAU. We are looking at that in a number of the areas. We are bound, of course, by law to provide the medical service to

all of our Active duty members, and we also provide care for their dependents and that is the primary focus of our effort there. But we have to look at those costs as part of the process.

Senator DIXON. Well, I have noted in your budget information that the closures recommended by the Commission will generate a requirement for about \$142 million in new medical construction.

Mr. BERTEAU. Yes, sir. At the receiving facilities where the size of the forces are going up, the capacity that existed in some of those places is not sufficient to handle the additional troops and dependents that would be coming there, and so we did have to look at over that 5- or 6-year period, some additional expenditures to accommodate those.

Senator DIXON. You heard Senator Roth testify. Have you folks formed any kind of an opinion about that as yet or is it under evaluation?

Mr. BERTEAU. We are looking at that. As I said, we believe very strongly in the idea of the local community having a very powerful and early say. We try to involve them, as you well know, at the very beginning of the process, in fact, to make sure that they are looking hard at what their options are and are planning well for that.

We are not in a position yet to say where we would come down on all the aspects of his bill. We are looking at that, and we expect to be able to come forth with a position on that bill. But I think that the fundamental idea of the primacy of the local community as being a key player in the process, as being a key beneficiary of the process, is essential.

We believe that the only way we are going to be able to continue to close the bases and get rid of the infrastructure that we no longer need is if we can continue our successful track record of letting it be a benefit to the local community.

It is hard to go through that time period where you are making that transition. The quicker we can get through it, the quicker we can get to the point where the economy has recovered, where there is a good stable work force. In most cases, you wind up with more jobs; more money; a better, more stable, and more diverse economy at the end of that process. We believe very strongly that we need to continue our successful record there.

Senator DIXON. How much do we make available in this budget for the problems that are going to occur around the country in the base closures that are going to take place?

Mr. BERTEAU. In terms of community planning and community impact assistance?

Senator DIXON. Yes.

Mr. BERTEAU. Off the top of my head, if I can remember correctly, the planning assistance money involved with the Office of Economic Adjustment's budget is about \$2 million. There is some additional money that—and I do not remember the exact amount, that would be paid out of the base closure account. Some of that is in the out years, so I am not clear in my own mind how much specifically of that is in 1991. I would be glad to give you that for the record.

A number of those are going to be spent over years of course. We generate a lot of seed money and it is not a huge amount at any

given place. Frequently only \$200,000 or \$300,000 at a particular installation provides the planning money to go forward with that. [The information follows:]

The Office of Economic Adjustment fiscal year 1991 budget request is \$3.0 million of which \$1.5 million is for community assistance. The Base Closure Account will also fund \$0.8 million of community assistance.

Senator DIXON. The thought occurs to me, Mr. Berteau, and I would ask you to discuss this with others in your shop, that over the next, say, five years, you may have quite a little bit of concern out there and need as a consequence of what is being done, particularly if we should have some distressful periods of time or anything of that character.

And I wonder if sufficient thought is being given to that?

Mr. BERTEAU. I have no question in my mind that there is. In my previous job, the Office of Economic Adjustment reported to me. We were taking steps all the way through the Base Closure Commission Act, of course, looking and preparing for dealing with those installations that are closing under the law.

I feel we are in very good shape with respect to the installations closing under the Base Closure Commission's recommendations. As we are proceeding with the studies for the 35 candidates that are currently under review, we are looking there as well and are thinking in terms of how much involvement we will need and what the potential reuse might be. That is part of the local economic impact assessment that we are doing for each of those 35 installations.

So we feel that when we get to the point where we make a decision to close or not close, we will have a substantial amount of information on each one as to what kind of local planning process we can expect, what the need would be, what the impact would be, what we can do to help mitigate that and help plan for that.

We will be able to include those numbers in the budget so that the Office of Economic Adjustment will have what they need in order to be able to execute their mission very well with respect to each of the local communities.

So I think we have a good handle on that. We are not going to have any trouble budgeting for that, and you will see that as each budget comes forward.

Senator DIXON. Senator Shelby, do you have any further questions?

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Secretary, when we are dealing with environmental questions, and if you are closing—a proposal to close X base and then consolidate something at another base, you have got a double environmental problem, have you not, especially in view of chemical weapons or chemical school. I am zeroing in, as you well know, on Fort McClellan and the mission it serves now.

Mr. BERTEAU. There is no question but that if a base is closing and the force structure at that base is going away as is that function, there is much less of an environmental impact.

Senator SHELBY. Right, but that is not what you are saying though, is it?

Mr. BERTEAU. Not with respect potentially to the chemical school at Fort McClellan.

Senator SHELBY. Right, especially in view of the spread of chemical capability to other nations in the world, it is just not a U.S./Soviet problem, it is United States and the world concerned about multi-faceted chemical problems, right?

Mr. BERTEAU. We are clearly not in a position to say that it is not going to be a global problem and therefore we cannot abdicate the field.

Senator SHELBY. Okay. If that is granted, did the people who made this recommendation or proposal, did they go into depth, do your records show that in arriving at a proposal regarding the chemical corps? Have they made—in their findings or lack of findings, any analysis concerning potential environmental problems at a new site, plus the cost of new facilities?

I know, I have been in Congress, this is my 12th year here, 4th in the Senate and 8 in the House. I generally see most things, numbers, low-balled, not just in the defense arena, but everywhere else to speak of. And when you are talking about building new facilities, if you had to do it, and you would in this case, build somewhere else and come before this committee or the Appropriations Committee to get the money, do you think that is going to sit well in the Congress? That we are going to close this facility to build exactly or something similar to that somewhere else. I think that is absurd.

I want to hear your comments on that.

Mr. BERTEAU. I think you had four questions there. Let me take them in order if I can.

Senator SHELBY. Take them slowly. [Laughter.]

Mr. BERTEAU. And let the Army add to it.

Number one, when the Army submitted its candidates, and Fort McClellan was one of them on there, it was with the clear recognition that in fact the school, the training facility, was there. We recognize that we would have to look at where we would put that training facility in the event we closed Fort McClellan and that there would be some substantial impacts involved with that, both in terms of environmental impact and in terms of cost.

We did not attempt to specifically quantify that impact at the time that the candidate was put on the list. We did not have the capability to do it in the amount of time we had available, and we knew that, in fact, the process we would have to follow after the announcement would dramatically illuminate all those impacts and all of those costs. And we knew we would have to go through that process.

Senator SHELBY. Let me stop you a second. Was this a rush list? Did you have a timetable to move on and they said, get this together and then you will worry about justifying it later? Is this what you were doing?

Mr. BERTEAU. There was certainly a time pressure involved. It was not characterized as we will worry about it later.

Senator SHELBY. Who put the pressure on you? Was it the secretary? Was it the administration?

Mr. BERTEAU. The budget submission date to the Congress put the pressure on.

Senator SHELBY. That was the driving force?

Mr. BERTEAU. Yes, sir. Now, we could have elected not to announce any of that.

Senator SHELBY. I understand that.

Mr. BERTEAU. So we did have that option. But the Secretary felt, and I think we all felt the same way, that it would be more useful from a public perspective and from a public policy perspective to go ahead and put all the cards on the table at the same time we were putting the budget on the table, so that we would start the process looking at that. And everybody would know what we were doing.

Senator SHELBY. Go ahead back to your questions you were going to answer.

Mr. BERTEAU. So that the specific amount of dollars was not determined in advance of Fort McClellan being included on that list. And the same was true for the other 34 as well.

It was more with an eye toward whether we are going to reduce the overall training base that we have in the Army. Because we are not going to have nearly as many divisions, we are not going to have to have nearly as much training. Therefore, we will need to consolidate the training that remains so that the total training overhead can be reduced as well.

It was with that in mind that we then undertook to say, all right, now we are going to look specifically at the environmental impact and the costs associated with that, specifically at where, in this case, what receiving installations or options that you can put, and what the costs and impacts would be at each of those.

It will probably be different at different proposed installations. If, in fact, it comes down that there is no place to which we can move that school that does not cost us more than it is costing today, it is highly unlikely that we would come forward with a proposal to do that.

Senator SHELBY. Of course, cost is calculated in a lot of ways, is it not?

Mr. BERTEAU. That is certainly true. I would certainly expect, though, that it would be able to withstand the intense scrutiny not only of the Congress but of those specific members like yourself who would want to make sure that it makes absolute good sense before we would do something like that.

Senator SHELBY. Well, it ought to make good military sense from a strategy standpoint, as part of your force structure first, should it not?

Mr. BERTEAU. Yes, sir.

Senator SHELBY. And then it would have to make absolute financial sense.

Mr. BERTEAU. In fact, that is why the studies encompass all of those categories. We have an operational impact that we have to lay out and review. There is a strategic impact that we have to lay out and review, looking at the whole global situation, as well as the budgetary, the financial and the environmental.

Senator SHELBY. Could you, off the top of your head, without doing any in-depth study, even knowing of any I suppose, think of a community in the United States, in view of Earth Day coming up pretty soon, that would want the chemical corps in their community— [Laughter.]

—in their bedrooms or near their bedrooms or near their schools and so forth?

Can you imagine that cost?

Mr. BERTEAU. I would not want to even begin to touch that one.

Senator SHELBY. But that is a real concern, is it not?

Mr. BERTEAU. Yes, sir. In all honesty, I think that we cannot even begin to touch that. I do not think the Army would have any idea where that might go.

Senator SHELBY. Mr. Chairman, if you will indulge one second with me?

Would you concede that this is, and I am going back to the record again, what I asked earlier, is the chemical corps a unique or a different twist to a lot of your problems?

Mr. BERTEAU. It certainly makes the situation different. I think it is fair to say the Army has a different—

Senator SHELBY. That is fine. I mean, it is not ordinary—not that everything is ordinary. It is not a tank school or an infantry school or depot.

Mr. BERTEAU. The military police even. That is right; it is a unique situation. It needs to be handled carefully.

Senator SHELBY. Thank you, Mr. Chairman, for your indulgence.

Senator DIXON. I thank the Senator from Alabama.

Mr. Berteau, I have a very short list of questions, I will conclude in the next 5 minutes, and if my friend from Alabama has more questions to ask he is welcome. I think we can successfully conclude prior to 3:30.

Mr. Berteau, the Base Closure Commission recommended the closure of Fort Sheridan as you know. As part of this decision, the Commission recommended that about 60 acres be retained for reserve support activities.

I am concerned that in implementing the Fort's closure, the Department exercise prudent stewardship of its overall resources to ensure that it does not sell land which might be more economically used to support residual DOD missions in the Chicago area.

This matter was highlighted in this committee's report accompanying last year's defense authorization bill. So I will ask you in connection with that statement, does the DOD have a policy of reviewing residual needs to ensure that in closing bases it ends up with the most economical basing posture for the remaining activities?

Mr. BERTEAU. Within the limits allowed us by the law, yes, sir, we do. We do conduct that review. The law of course is fairly specific in some areas in terms of what has to be done, what has to be closed, what has to be transferred and so on. In other areas, it does give us some flexibility to take into consideration those kinds of things.

Senator DIXON. Does the Department condone relocating residual activities from closing installations if they can be more economically sited on any remaining enclave?

Mr. BERTEAU. Again it depends on two things. One, the flexibility allowed us by the law; second, the subsequent force structure situation at the end of that. For example, the 4th Army Headquarters, as you know, is moving from Fort Sheridan. The Army is now proposing to eliminate that headquarters entirely.

To the extent that we have to move that headquarters before we eliminate it in order to comply with the law versus just eliminating it now rather than go to the expense of moving it first and then eliminating it, we would have to look very carefully at what makes sense for example in that kind of a context.

Senator DIXON. Let me ask you further along those lines, does the Department require a uniform economic analysis to ensure that military family housing is deposed of only if it is less economical than providing housing for remaining military personnel on the local housing market?

Mr. BERTEAU. We take a look at that economic question.

Senator DIXON. You make an evaluation of sorts?

Mr. BERTEAU. Yes, sir. We also have to look, of course, at the requirement by the law to get a fair market value for the property as well. So that has to be factored into that equation.

Senator DIXON. My staff tells me they do not believe that the Department has as yet performed the analysis upon which to develop a sound long-term plan for supporting military activities in the Chicago area.

I wonder if you could give me your assurance that your folks would meet the folks here on the subcommittee to make sure that we are on the same track on this whole question.

Mr. BERTEAU. We will be happy to do that.

Senator DIXON. I am sure that they will be contacting you, Mr. Berteau.

One other thing of a generic nature that I would like to go into regarding what we were talking about before in Europe. In previous testimony before this committee, commanders of the Overseas Unified Commands have stated that they carefully scrubbed their military construction requests to ensure that it conformed to their yet unannounced long-term basing plans.

Since the submission of the budget, General Galvin has deleted seven of his 56 European projects because of evolving requirements. Is it your testimony that all the overseas construction projects in the budget request are supported by the force structure and basing program which is affordable within even fiscal year 1991 and 1994 Five Year Defense Program, much less lower levels of funding?

Mr. BERTEAU. At the time we put that budget together, yes. That was consistent. As part of the review underway in conjunction with the military construction freeze that we discussed earlier, we are in fact looking, and the services have taken a look at that. I am not yet in a position to tell you what, if any, would come off of that. But I would expect that within the next few weeks we will be able to tell you which of those projects, in fact, could be deleted from the request if any.

In other words, the situation has changed since the time we put the budget together and I am not prepared to say unequivocally that every military construction project in there for overseas is going to remain. I think that the vast majority of them are, and we will be very shortly in a position to tell you if any would come off.

Senator DIXON. We will be marking up some time in June. I expect it before then.

Mr. BERTEAU. It will be ready before then, yes, sir.

Senator DIXON. Does my friend from Alabama want to pick on Mr. Berteau any further, or are you satisfied?

Senator SHELBY. Mr. Chairman, I have the highest respect for the Secretary——

Senator DIXON. I realize that you do, that was said in jest.

Senator SHELBY. We are probably, I trust, going to see eye to eye sooner or later on this. [Laughter.]

As the Secretary knows, I have supported him in his efforts on a lot of occasions. I just want him to make a wise decision; I want Secretary Cheney to make a wise decision. And I think this proposal is very unwise and not really thought out.

Mr. Chairman, along those lines, I do not want to get into, in an open hearing, because it is something that maybe we should not get into. But later on, I have talked with you about it, I would like to get into more detail, in-depth into chemical capability around the world and where we are going, but this is not the proper place for it.

Senator DIXON. I thank my friend from Alabama. And, Mr. Berteau, I thank you very much and Mr. Johnson, Admiral Buffington, Mr. Boatright, we appreciate very much your giving us your valuable time and expertise this afternoon.

Senator SHELBY. Mr. Chairman, I thank you too for your indulgence and the time you have given.

Senator DIXON. Thank you, Senator. We are adjourned.

[Questions for the record with answers supplied, follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

OPERATIONS AND MAINTENANCE ACCOUNT

Senator DIXON. In Table 1 of your statement, an Operation and Maintenance line is identified under one-time costs. What does this O&M account represent?

Mr. JOHNSON. This account, funded with DOD Base Closure Account moneys, represents one-time Operation and Maintenance type costs associated with Base Realignment and Closure actions. These actions include: PCS of civilian personnel, severance pay, transportation of things, communications, and contractual services to support implementation.

DERA ENVIRONMENTAL CLEANUP COSTS

Senator DIXON. Are the DERA environmental cleanup costs (shown in Table 4) included in the one time implementation costs and in turn reflected in the net implementation costs?

Mr. JOHNSON. No, the DERA environmental cleanup costs are not included in the one time implementation cost nor are they reflected in the net implementation costs.

O&M FUNDED ENVIRONMENTAL CLEANUP COSTS

Senator DIXON. Are the O&M environmental cleanup costs (Table 5) included in the one time implementation costs and in turn reflected in the net implementation costs?

Mr. JOHNSON. No, the O&M environmental cleanup costs are not included in the one time implementation costs nor are they reflected in the net implementation costs.

MONEY FOR ENVIRONMENTAL CLEANUP

Senator DIXON. Why are all of the facilities receiving DERA money for environmental cleanup also receiving O&M money for cleanup?

Mr. JOHNSON. DERA is a program that targets specific environmental cleanup actions based on "worst-first" analysis using Environmental Protection Agency crite-

ria. There is a Base Realignment and Closure environmental cleanup initiative that uses O&M funds. It is designed to cover the installations or portions of installations not on the DERA priority list, but must be cleaned either to comply with PL 100-526 (closure) or in preparation for sale to generate revenue to support execution of that law.

Senator DIXON. Mr. Berteau, are environmental restoration and cleanup costs reflected in the net savings computations?

Mr. BERTEAU. No. Environmental and restoration costs are not included in the savings computations from the Base Closure Commission. Cleanup of hazardous waste is required by current law regardless of closure decisions. On that basis those costs were not included in the cost computations.

Senator DIXON. Mr. Berteau, are all environmental restoration and cleanup costs, whether to be paid out of DERA or O&M included in the fiscal year 1991 budget request?

Mr. BERTEAU. Estimated environmental costs associated with base closures were included in budget estimates submitted in January 1991. However, we have not completed the detailed environmental studies and therefore these estimates are preliminary.

Senator DIXON. Mr. Berteau, in the Charter provided by the Secretary of Defense to the Commission on Base Realignment and Closure, there was a criterion that the closure recommendation must be amortized within 6 years. As you know, this limitation has been criticized by a variety of parties, including the commissioners themselves.

Has the Department provided the services and Defense Agencies any guidance regarding the maximum amortization period for the closure and realignment proposals contained in the Cheney package, or any subsequent realignment packages?

In your view, how long an amortization period would be acceptable?

Mr. BERTEAU. No guidance was given to the Military Departments limiting the payback periods in the proposals made by Secretary Cheney on January 29, 1990. In regard to future payback periods, each installation and proposal should be evaluated on individual circumstances. Force structure eliminations could pay back quickly as there would no large up front costs to relocate forces as there was in the case of the recommendations of the Base Closure Commission. On the other hand, realignment of forces would take longer to pay back as construction would be required for movement.

Senator DIXON. Mr. Berteau, your statement suggests that the Base Closure Commission was operating from a static force structure, while the Cheney package assumes substantial force reductions.

Does this distinction suggest that the Commission's realignments merit reevaluation based upon a smaller force structure?

Mr. BERTEAU. In some instances the elimination of force structure proposed by Secretary Cheney will impact some Commission realignments. Those individual cases are being examined by the services to determine what needs to be done. The recommendations of the Commission do not require realigning forces to remain in being forever, however, those units recommended for realignment that are not affected by force reductions will realign to the installations recommended by the Commission.

LONG TERM BASING PLANS IN CONUS

Senator DIXON. In light of the uncertainty of future force levels, as well as potential consolidations such as those recommended by the Defense Management Review, are you limiting modernization construction projects on bases in the United States to the core installations which prudent planning would remain open under even the most pessimistic force structure levels? Would you not agree that this would be a prudent approach during this transition period.

Mr. JOHNSON. Yes, all of the installations identified for closure or possible impact by one of the Army's on-going management reviews or realignments are being evaluated in an effort to reduce, or eliminate altogether, associated MCA construction. In those cases where the full impact of the study has not been determined or approved yet, the Army will delay design or construction until such time as the need for the construction has been fully evaluated.

Mr. BOATRIGHT. The Air Force has reviewed all military construction plans in light of pending force structure changes, budget decisions and weapon system reviews, and has limited our request to those installations projected to remain open under current force structure guidelines.

Admiral BUFFINGTON. Anticipated force structure size and characteristics are always primary factors in determining how and where to best invest the Navy's limited construction budget. It is in the Navy's best interest to wisely invest these dollars by acquiring construction where it will provide the best long term benefit to the Navy's mission. As a matter of policy, every project is certified as to its continued valid need before construction acquisition proceeds. During this period of rapid change, management has heightened its oversight of the Navy's Military Construction program to ensure that it is prudently executed.

Senator DIXON. Admiral Buffington, in your prepared statement, you say that the entire Navy base structure is under review. Does this not suggest that a moratorium on modernization and further base development would be prudent until this review is completed?

Admiral BUFFINGTON. As you are aware, the Secretary of Defense imposed a moratorium on Military Construction on January 24, 1990. The Navy is using this time period to conduct a "wall-to-wall" study of its shore infrastructure to determine which assets are necessary to retain in support of its future mission. The study is currently scheduled for completion later this summer. A further extension of the DOD Moratorium or imposition of a new moratorium is not necessary to ensure that Navy management will prudently administer its Military Construction program pending the final study results.

Senator DIXON. Mr. Berteau, can you verify that the Defense Agencies are taking a similarly prudent approach to military construction in light of potential consolidations under the DMR?

Is the Office of the Secretary of Defense conducting a review of Defense Agency basing requirements?

If the DMR concluded that the Department has excess logistics capacity, why is the Defense Logistics Agency requesting \$55 million in additional storage structures?

Mr. BERTEAU. As a result of Defense Management Review studies initiated by the Secretary of Defense, the Defense Logistics Agency (DLA) is assuming several new missions that may impact on the Agency's need for facilities. One new assignment involves taking over from the military services the supply distribution functions at supply depots. These include receipt of items, their storage and preservation, physical inventory, quality control, and preparation for shipment. Another involves the reassignment of approximately 1 million items from the services to DLA for inventory management. This represents about a 40-percent increase in workload for DLA. Although the consolidation of functions under DLA may cause a need for additional facilities in some locations, the net result will be a savings of several hundreds of millions of dollars over the next 5 years.

The DLA request for funds is primarily to replace old and outmoded storage structures, not to build additional structures. Approximately 70 percent of these facilities were built during the 1940s. They are well beyond the stage where repairs are economical. In addition, their current design—high ceilings, poor lighting, numerous support columns—makes it nearly impossible to conduct operations efficiently.

RESERVE COMPONENT CONSTRUCTION PROGRAMS

Senator DIXON. Have the construction programs of the Reserve components been scaled back, not just for fiscal constraints, but also to await clarity of their long term force structure? Are you able to certify that all Reserve component construction has been adjusted for programed or proposed force structure changes? Do you anticipate closures of Reserve component activities on the scale of Active base closures?

Mr. JOHNSON. The construction programs of the Reserve components have been scaled back primarily to effect fiscal constraints. However, this period of fiscal constraints also provides the Reserve components an equally important opportunity to realize their construction requirements based on changes in force structure. This will be an ongoing process being continuously reevaluated as changes in Reserve component force structure are identified. Reserve component construction programs have been carefully screened by both the National Guard and the Army Reserve to ensure that programed and proposed force structure changes are incorporated in future construction. The Army does not anticipate closures of Reserve component activities on the scale of Active base closures. It is expected that across the Reserve Components, force structure will be adjusted to create a uniform troop density based on population and recruiting demographics. In addition, where feasible, troop structure will be moved from older less than adequate facilities to newer more adequate facilities losing troops.

Mr. BOATRIGHT. Air Force decisions regarding budget requests for military construction programs of the Reserve components, including both the Air Force Reserve and the Air National Guard, are subject to the same scrutiny and decision process as those of the Active force. Consequently, to the extent that fiscal constraints and uncertainties concerning long term force structure govern decisions on future construction programs, it is expected that both the Air Force and Reserve components would be impacted. The reduction in the fiscal year 1991 military construction request for the Reserve components in comparison with previous years is primarily a result of a reduction in new mission requirements; current mission requests have remained at virtually the same levels.

We are currently in a period of great potential change in the Department of Defense. We have carefully reviewed all construction programs of the Reserve components with this situation in mind, have made adjustments to reflect programmed force structure changes known to us today, and have projected our requirements as best we can. However, I cannot certify that all of these construction requirements will remain unchanged for the long term.

No. However, some Reserve components' activities will likely be affected as we go through the next several years of restructuring.

Admiral BUFFINGTON. The Naval Reserve Construction Program is holding a relative steady funding profile. This steady course appears to be the most prudent course of action in these times of a rapidly changing world and possible force structure changes.

The only project in the fiscal year 1991 Naval Reserve construction request which could be impacted by proposed closure actions or force structure changes is the Fire Station Addition project at NAS South Weymouth.

Any recommendations for a closure action will be based on the merits of the individual site. The Naval Reserve is a full player in the ongoing OPNAV closure/re-alignment study and each Reserve facility will be studied just as are all Active facilities. While the outcome of that study will not be complete for some time I can say that the Naval Reserve infrastructure will be reduced in proportion to what future requirements will be rather than what reductions the Active forces may make.

Senator DIXON. Mr. Berteau, according to your budget justification material, roughly \$2.3 billion in military construction will be needed to implement the Base Closure Commission recommendations.

What percentage of this sum represents a net modernization of the facility infrastructure, rather than just support for relocating activities?

How much represents the actual replacement of already modern facilities which are being vacated at the closing bases?

Mr. BERTEAU. The vast majority of the construction is to replace facilities already in use. About 10 percent of it is to upgrade the installation infrastructure.

Senator DIXON. Mr. Berteau, in testimony before this committee this morning, Under Secretary of Defense Wolfowitz stated that the administration has specific, phased reduction plans for both Korea and Japan. The plan calls for early reduction of up to 6,000 U.S. military from Japan and the reduction of the base infrastructure. In Korea, the first phase of the plan (1990-92) calls for the reduction of about 7,000 U.S. military. During the second phase (1993-95), additional combat capability would be withdrawn, including elements of the 2nd Infantry Division.

What are the basing implications of these plans? When will Congress be provided this information so we can ensure that we do not make further facility investments at these sites?

Mr. BERTEAU. Obviously, the number of bases would be reduced at both locations but the Department has not determined which installations at this time. Under Secretary of Defense Wolfowitz will be providing an update to Congress in the November 1990 timeframe to outline the Department's progress. The Department is currently establishing procedures that will screen all military construction to ensure our limited resources are not wasted.

Senator DIXON. Mr. Berteau, the current and prospective base closures will significantly affect facilities which have been paid for from nonappropriated funds, the profits from morale and welfare facilities . . . facilities which would normally be funded from profits . . . through the base closure account. Your recent report points out that at least one oversight committee has suggested that nonappropriated funds should be used for this purpose.

Have you been able to develop an agreed funding strategy to be used for these projects which would expand or replace commissaries, exchanges, clubs, and hobby shops?

Will the nonappropriated fund instrumentalities be given any credit for the residual value of capital investments which are abandoned when bases in the United States or overseas are closed?

Mr. BERTEAU. The Department will construct facilities for nonappropriated functions utilizing base closure funds to meet the increase in nonappropriated function requirements at gaining installations. These new facilities will be sized based on the projected requirements at the gaining installations which are a direct result of implementing the Commission's recommendations. Construction may involve renovations, additions, or new construction.

Senator DIXON. Mr. Berteau, there is understandable interest in the transition assistance which the Department is willing to provide communities which are affected by base closures. In addition to Senator Roth's legislation, another bill has been introduced by Senator Pell regarding this issue. In my own State, the community of Rantoul, Illinois, faces substantial dislocation from the closure of Chanute Air Force Base.

Can you outline for the committee the kinds of assistance which the Department is prepared to provide these communities?

Excluding Homeowners Assistance which accrues to individual property owners, how much has been included in the fiscal year 1991 budget request for community assistance?

How much do you estimate will be provided through the entire closure period, fiscal year 1989-95?

Mr. BERTEAU. The general assistance provided under the Defense Economic Adjustment Program is available by request from the Office of Economic Adjustment (OEA) to help communities, regions, and States alleviate serious economic impacts resulting from base realignments and closures. OEA can provide Community Planning Assistance grants to qualifying State/community organizations for staffing and military base reuse planning studies. These grants typically amount to \$50,000 - \$70,000. Priority consideration for resources from the 18 Federal agencies of the President's Economic Adjustment Committee (EAC) is also available to plan and implement local economic adjustment programs. For example, the Federal Aviation Administration is providing airport planning grants to several communities affected by closures in the Base Realignment and Closure Commission report.

The Office of Economic Adjustment fiscal year 1991 budget request is \$3.0 million of which \$1.5 million is for community assistance.

The exact amount of community planning assistance funds needed through fiscal year 1995 is not known at this time because we don't know how many communities will be affected by the reduction in the DOD budget. However, experience has shown that each community needs \$50,000 - \$70,000 annually for adjustment planning which takes 3 to 4 years.

Senator DIXON. Mr. Berteau, in your written testimony, page 6, you state that approximately 70,000 workers will be adversely affected each year if the defense budget shrinks by 2 percent per year. In your view, this number of workers is so small compared to the total national employment that the Nation's market based economy can absorb it without serious impact.

a. Could you describe how you arrived at the 70,000 per year figure; and is that a generally accepted number in industry and labor?

b. How do you believe the type of worker that is being laid off as a result of the defense cutback relates to the average guy in that 2 million that are being added each year. Are we getting rid of skilled manufacturing workers and replacing them with service workers in this exchange?

c. What conditions do you presume to say that we will add 2 million workers per year. Specifically, if the economy should take a down turn, as many have predicted it must at some time, will your assertion that the market based economy can absorb the defense cutback still be true?

d. I am concerned that some of the defense workers released into the civilian economy have job skills so unique that they are not readily absorbed back into the economy. A clear example are ship and submarine builders—a skill that this Nation apparently does not need except for defense uses. Don't you feel that in these instances the Federal Government's responsibility goes beyond supporting community market-based economic adjustment?

Mr. BERTEAU. There is a direct correlation between reductions in expenditures and reductions in employment. The DOD budget is expected to be reduced by about 2 percent, therefore, a 2-percent reduction in the workforce can be assumed. Since there are approximately 3,400,000 defense industry workers in the private sector, 68,000 or 70,000 could be adversely affected per year over the next 5 years. This methodology is generally accepted by the people involved in analyzing and monitor-

ing the effects of nationwide reductions in spending and the relationship to industry and labor.

The composition of the DOD workforce is: (1) occupations in manufacturing closely related to DOD industry; (2) occupations in manufacturing common to all industries; (3) occupations in services common to all industries. The distribution is approximately one-third in each of the occupations. Additionally, it is unlikely that we are replacing skilled workers with service workers since most DOD workers who may lose their jobs will seek employment in their occupational trade. Many workers employed in manufacturing industries closely related to DOD can be reemployed in similar occupations; others can be retrained for occupations of their choice.

Present economic conditions are presumed in our prediction that the market based economy will be able to absorb the defense cutback. However, reemployment opportunities for current defense related workers, as with other workers, in large measure depend on the general health of the national economy.

The Department of Labor has skill retraining programs that were developed specifically for the worker changing occupations. These programs have been very effective in the past and are available to the defense industry worker.

Senator DIXON. Mr. Berteau, you also make the statement in your written testimony that "trying to emulate the failed central planning systems of the Soviet bloc, as economic conversion does, will not help anyone." (page 7)

a. Would you please describe further your analogy between your concept of economic conversion and a Soviet style central planning system. Do you believe that there might be some intermediate level of economic conversion, short of full Communist style central planning, that could be used in special instances?

Mr. BERTEAU. One central planning authority, located some distance from the affected community, really does not have the expertise to define and attempt to solve the problems of local communities. Laws cannot mandate the proper use of a closed facility. The local economy will adjust faster than the ability to pass legislation concerning economic conversion. Additionally, the annual budget deficit does not need another Federally mandated and financed program to help solve its problem. The transferring of money from Defense to some other agency will not solve the problem of the deficit. Some measure short of economic conversion could aid in solving problems. Whether it is in the form re-training or tax breaks for struggling communities has not been decided.

Senator DIXON. Mr. Berteau, in the 1988 base closure legislation, Congress streamlined the property disposal process by directing the delegation of disposal authority to the Secretary of Defense from the Administrator of General Services. We also allowed the Department to retain the proceeds of property sales to help offset the costs of closures.

I note that these innovations have been generally incorporated into the Department's proposal to streamline closure procedures.

How has the delegation of authority worked out so far?

Is the General Services Administration cooperating with this process?

Have you encountered any significant difficulties in exercising this authority?

Mr. BERTEAU. The delegation of disposal authority to the Secretary of Defense has been very helpful to the Department although the Department has not yet disposed of any property. The General Services Administration has cooperated and no significant problems have arisen to date.

Senator DIXON. Mr. Berteau, according to the Department's estimates, it anticipates receiving by fiscal year 1995, about \$2.34 billion in revenues from the sale of excess property associated with the first round of base closures.

Are there additional sale proceeds anticipated from these bases in later years?

In light of current real estate market conditions, i.e., the glut of real estate being liquidated by the Resolution Trust Corporation, and the existing authorities for low or no cost transfer of excess property for certain specific purposes, do you believe that the Department will realize anywhere near \$2.34 billion for the disposal of this land?

Mr. BERTEAU. There are no additional sale proceeds expected from Round I bases beyond fiscal year 1995. The Department's goal is to obtain fair market value for the land to be sold. I remain optimistic that the \$2.34 billion will be fully realized.

Senator DIXON. Mr. Berteau, in the DOD's Defense Management Review legislative proposal, the Department requests two changes to current law which would authorize it to retain half the proceeds of the sale or lease of DOD controlled property.

Can you estimate how much revenue the Department would have realized in any recent year were it to have had the benefit of such legislation?

What controls would you propose over the sale of property?

What would prevent the services from circumventing normal disposal procedures and liquidate property assets to meet near term funding shortfalls?

Mr. BERTEAU. An estimate of the revenue from the proceeds of land sales is \$35 million annually. The controls over the sale of property would be the laws with in the Surplus Property Act.

PEASE AIR FORCE BASE MOBILE HOME PARK

Senator DIXON. Mr. Boatright, Senators Rudman and Humphrey have introduced a bill, S. 2449, which would address the particular difficulty facing service members who own mobile homes on Pease Air Force Base. Would you provide the subcommittee the background of this situation?

Mr. BOATRIGHT. The particular difficulty facing Air Force personnel stationed at Pease AFB who own mobile homes located on the base is that the planned closure of the base will eliminate the only source of future buyers, i.e., military personnel transferring to Pease from other locations. Consequently, the current owners will at best lose their investments and be required to continue payments on any outstanding mortgages after the base closes and they are transferred elsewhere, or at worst be driven into bankruptcy due to inability to make mortgage payments. On-base mobile home housing is occupied predominantly by enlisted personnel, and the financial impact on the current owners due to the base closing will be devastating.

Because of the high cost of housing and lack of vacant mobile home spaces in the area surrounding Pease AFB (and throughout the entire State of New Hampshire), the Air Force changed its regulations concerning mobile home lot assignments to permit the competitive sale of mobile homes at Pease on their present sites within base boundaries. This situation created a special resale market and also inflated the prices of mobile homes on the base. Local lending institutions over the years have approved mortgage loans on these mobile homes for new buyers. Undoubtedly, a major consideration in making these mortgage loans has been the assurance of a stable source of buyers from incoming military personnel who purchase the mobile homes from personnel transferring elsewhere. Closing of the base means that the current mobile home owners will be the last occupants and will have no one to sell to when they are transferred. Hence, these owners face a disastrous financial situation.

Due to the unique background of this situation and the hardship it will cause for Air Force personnel stationed at Pease AFB, the Air Force supports, as a matter of equity and fairness to current owners, initiatives to provide special authority to purchase these mobile homes before base closure. This will prevent a devastating financial impact upon current mobile home owners at Pease who would not have purchased these dwellings if they had known the base would close.

Senator DIXON. Mr. Berteau, has the Defense Department taken a position on S. 2449?

Mr. BERTEAU. The Department has commented on S. 2449, the bill to authorize the Secretary of the Air Force to purchase mobile homes of certain members of the Air Force at Pease Air Force Base. The Department supports a similar bill, H.R. 4252, because the reimbursement provisions are more reasonable than those in S. 2449. If S. 2449 were adopted it would offer more advantages to mobile home owners than is available to home owners in the Homeowners Assistance Program. Additionally, if the Air Force were to purchase the mobile homes at the local economy fair market value the Government would effectively be paying for a quasi leasehold in its own land. H.R. 4252 would only reimburse the mobile owner for all expenses.

Senator DIXON. Mr. Berteau, has the Department screened other closing bases to determine if there are situations such as that facing mobile home owners at Pease AFB?

Do you consider the Pease situation to be unique, or is there a need to address this problem more broadly?

Mr. BERTEAU. The Pease Air Force Base mobile home park situation is a unique situation as the Air Force created the market by waiving a regulation. This waiver to the "first come, first served" method caused the market to expand and prices to rise considerably. We are not aware of any other similar situation.

Senator DIXON. Mr. Berteau, during the GAO's and congressional review of the Base Closure Commission's economic analysis, questions arose regarding the overall costs of medical care as eligible patients were allocated from military medical facilities to the CHAMPUS program. I note in your budget information that the closures recommended by the Commission will generate a requirement for about \$142M in medical construction.

Has an agreed upon methodology been devised to address the overall costs and savings in the medical areas from these closures?

Have the results of this analysis been incorporated into the Department's overall economic summaries?

Mr. BERTEAU. We are studying the cost and savings in the medical area resulting from the Base Realignment and Closure decisions. One of the additional costs will be in medical construction to support the realignment of Active duty personnel to include medical manpower. Further planning has reduced the construction costs identified in our budget information to about \$100 million.

The results of our analyses will be incorporated into the Department's overall economic summaries as part of the fiscal year 1992 budget.

Senator DIXON. Mr. Berteau, what process will be followed in turning these proposals into recommendations by the Secretary?

Mr. BERTEAU. The Military Departments will follow the requirements of the National Environmental Policy Act and the requirements of section 2687, title 10, U.S.C. Once the evaluations are complete, the Secretary will make the decision.

Senator DIXON. Mr. Berteau, given the substantial costs of closing military installations, what would be the Department's overall strategy of financing the Cheney package of closures, or subsequent packages of closures?

Even if a Base Closure Account mechanism is used, where will you find the funds to finance these actions? Where would you anticipate the tradeoffs to be?

Mr. BERTEAU. The cost of closing the second round of candidates should be substantially lower than those associated with the Base Closure Commission. This is because second round closures coincide with force reductions and eliminations. There won't be large up front military construction projects like those associated with the realignment of forces recommended by the Base Closure Commission. We have proposed legislation to establish a permanent base closure account which would be used to fund future base closure actions. Revenues from Round I land sales could be used to fund follow-on closures, and land revenues from Round II could rebuild the account for other actions.

Senator DIXON. Mr. Berteau, the Department's financial analysis of the Commission closures does not seem to take into account a number of the Cheney initiatives. For instance, it does not address the proposed inactivation of 4th Army at Fort Sheridan; the proposed closure of Bergstrom AFB, Texas and Eaker AFB, Arkansas; and the inactivation of SR-71 operations at Beale AFB, California.

What are the impacts of Secretary Cheney's package of closure proposals and other actions in the fiscal year 1991 budget, on the Base Closure Commission's recommendations?

Will you provide the committee updated analyses of any closure which have been significantly impacted by the Cheney package?

Mr. BERTEAU. The services have evaluated the impact of Round II closure proposals on the recommendations of the Base Closure Commission. The second round of closure candidates are still in the planning phase and no definitive decision has been made and won't be until the January 1991 timeframe. Briefly, the proposals to close the second group of bases would have the effect of reducing military construction projects at some of the gaining installations and thereby reduce the overall Round I costs. An updated financial summary will be provided once the studies are complete and decisions are made.

Senator DIXON. Admiral Buffington, taking the Strategic Homeport initiative as a whole, how much is left to be authorized in construction to complete these installations? How much of existing authorization has yet to be obligated?

Admiral BUFFINGTON. All funds required for the original basic construction programs have been authorized and appropriated for New York and the four remaining Gulf Coast sites. At Everett, due to program stretchout resulting from legal delays, \$81M of the original \$272M remains to be authorized and appropriated, including the fiscal year 1991 request of \$22M. Of the current total fiscal year 1986-90 authorization of \$787M, which includes \$146M of authority to spend local contributions, \$136M remains to be obligated.

Senator DIXON. Admiral Buffington, if I understand the analysis the Navy provided regarding the partial closure of Sand Point and relocation of fleet support activities to the new homeport at Everett, Washington, there will be no net savings from this initiatives. Why is this?

Admiral BUFFINGTON. The functions that are being moved to the Everett area from Sand Point are not being eliminated, they are only being relocated. The support costs at Sand Point would have risen from current levels to support Everett at steady state.

Senator DIXON. Would it make more economic and operational sense to entirely close Sand point?

Admiral BUFFINGTON. We are currently reviewing the entire Navy shore establishment to determine which activities it makes sense to close or realign from both operational and economic standpoints. Naval Station Puget Sound at Sand Point is included in this review which is targeted for completion this summer.

Senator DIXON. With the Navy's carrier force structure under review, would it not be prudent to defer further construction to develop the new homeport at Everett until we know whether the fleet size justifies this investment?

Admiral BUFFINGTON. It would not be in the Government's best interest to incur the costs of suspension or termination of ongoing contracts prior to a final decision regarding the strategic homeports. No additional regular military construction contract awards are planned this fiscal year for Everett.

Senator DIXON. If I understand it correctly, the site preparation for this new homeport is only 80 percent completed, and substantial sums of fiscal year 1989 and fiscal year 1990 construction have yet to be obligated. Even so, the Navy is requesting another \$22M in homeport development in fiscal year 1991, and (over several years) an additional \$68M in land acquisition and construction associated with the consolidation of activities at Everett from Sand Point. Absent a fiscally responsible long term force structure plan, why should Congress continue to develop this port?

Admiral BUFFINGTON. The site preparation contract for Everett is currently over 80 percent complete. We have also completed dredging and are about 25 percent complete in construction of the carrier pier and wharf contract that was awarded in September 1989. Of the \$78.7M authorized for fiscal year 1989 and fiscal year 1990 for Everett, \$67.5M or over 85 percent has been obligated. The \$22M requested in fiscal year 1991 for Everett is for initial vertical facilities for the base and brings us to \$231M in total authorization requested through fiscal year 1991, well below the \$272M "cap" imposed by Congress. The funds requested for the realignment of a portion of Sand Point to the Everett area are required from the Base Closure Account to implement the recommendations of the Base Realignment and Closure Commission.

While the Everett homeport is being studied along with all other shore facilities, its strategic value may warrant its retention despite force structure changes. In addition to maintaining assets close to operating areas the port will meet the still valid homeport objectives of fleet dispersal, enhancing battlegroup integrity, improved training opportunities, and a strengthened logistical infrastructure and ship repair industrial base.

The fiscal year 1991 request is necessary to fund utility connection fees to stand up the pier currently under construction and give full berthing capability to the large investment the Navy has already made at Everett. The fiscal year 1991 request would also fund shoreside support facilities including communications, port services, security and other essential operational support functions. Construction of facilities requested in fiscal year 1991 would not begin until a final decision has been made regarding Everett's place in the Navy's future shore infrastructure.

Senator DIXON. Admiral Buffington, was a market analysis done to justify the construction of flag and senior officer quarters at Staten Island? Are you suggesting that officers of this rank receive insufficient quarters and variable housing allowances to secure housing on the economy?

Admiral BUFFINGTON. With the closure of Naval Station Brooklyn by the Base Closure and Realignment Act (Public Law 100-526), an existing flag officer, installation commander (IC), and 10 senior officer quarters will be lost and require replacement. As authorized by Pub. L. 100-526, replacement quarters have been programmed.

A market analysis was not performed for these 12 quarters because they are direct replacements for units lost as a result of the Base Realignment and Closure Commission recommendation to close Naval Station Brooklyn.

GENERAL OFFICERS QUARTERS KIRKLAND AFB

Senator DIXON. Mr. Boatright, was a market analysis performed to justify the construction of four flag officer quarters on Kirkland AFB to support general officers being relocated there from relocating bases?

Mr. BOATRIGHT. A market analysis was not performed for these particular units because they are designated for occupancy by key personnel who, according to long-standing Air Force policy, should reside on base due to their command or other special mission-related responsibilities.

Senator DIXON. Is it that Air Force's policy to provide on-base quarters to all general officers? Are you suggesting that these officers cannot find affordable housing on the Albuquerque housing market?

Mr. BOATRIGHT. General officers are not authorized on-base housing by virtue of their grade. However, quarters are provided for certain specific personnel who are required to reside on base because of their positions. The four general officer positions relocating from Norton AFB meet this criteria. They are Commander, AF Inspection and Safety, Major General; Director of Aerospace Safety, Brigadier General; Director for Inspection, Brigadier General; Director of Medical Inspection, Brigadier General.

FORMER PUBLIC HEALTH SERVICE HOSPITAL

Senator DIXON. Mr. Johnson, several years ago, Congress directed the Army to relocate its foreign language training from the former Public Health Service Hospital at the Presidio of San Francisco. The facility was to be leased to the community as an AIDS treatment center. What is the status of that action? Has the lease been executed? If not, does the Army wish this statutory direction to be rescinded?

Mr. JOHNSON. The foreign language training was relocated to the Presidio of Monterey in 1988. The lease has not been executed. A lease was offered to the City and County of San Francisco in accordance with section 2331 of Public Law 100-80; however, the City has been unwilling to accept and execute a lease pending arrangements for necessary funds to renovate the hospital. The Army would like to see the statutory direction rescinded. We concur in the Report of the Defense Secretary's Commission on Base Realignment and Closures, which noted that the Public Health Service Hospital and surrounding land is the only property at the Presidio that can be sold under the Base Closure Act, and that the full value of the 36.5 acres could be realized if the statutory direction to lease were repealed.

INACTIVATION OF 2D AND 4TH CONTINENTAL U.S. ARMIES

Senator DIXON. The inactivation of the 2d and 4th Continental U.S. Armies is part of the Cheney closure proposals.

What is the status of this particular proposal?

What is the rationale for these inactivations?

Mr. JOHNSON. The Defense Secretary's Commission on Base Realignment and Closure recommended that the Fourth U.S. Army be relocated from Fort Sheridan, Illinois, to Fort Benjamin, Harrison, Indiana. Secretary Cheney, on January 29, 1990, announced the proposal to inactivate the Fourth U.S. Army. Prior to the decision to inactivate the Fourth Army, all requirements of the National Environmental Policy Act to study the proposal will be completed.

There has not been any announcement of a proposal to inactivate the Second U.S. Army. However with changes taking place in the world and the resulting reassessment of the military force structure needs, future force reduction actions will require a critical review of all existing Army activities.

The rationale for proposing CONUSA inactivations is that the Army is reducing its basing structure to make efficient use of decreasing funds. The Reserve component (RC) forces are being reduced along with the Active component (AC) force. This reduction in RC forces allows for a consolidation of CONUSA headquarters which oversee the RC force. The consolidation of CONUSA headquarters and regions of responsibility will reduce administrative overhead and reduce headquarters duplications.

Senator DIXON. Mr. Berteau, if an installation slated for closure has environmental contamination, and the cleanup does not fall under the Defense Environmental Restoration Account (DERA), what is the source of the funding that will be used for this cleanup? Shouldn't the Base Closure Account be used for the cleanup activities?

Do you have any estimate of what cleanup will be necessary and what the cost will be?

Mr. BERTEAU. Environmental cleanup costs are independent of closure actions and as such are the responsibility of the service. If such costs are not covered by DERA, then cleanup funds should come from the service's O&M account. The Department does have the authority to use the Base Closure Account for cleanup costs, if necessary. Cleanup costs for Round II closure proposals have not been estimated as of this time. These costs will be analyzed during the study period required by section 2687 of title 10 U.S. Code.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

Senator THURMOND. Mr. Boatright, I understand that the Tactical Air Command compiles a list which rates its bases on infrastructure cost. Would you provide this subcommittee a copy of the latest rating list?

Mr. BOATRIGHT. Tactical Air Command (TAC) does not rate bases according to infrastructure cost. However, the attached indicator chart has been used by TAC since 1985 to show the infrastructure status of 13 critical support systems at each base. Each base is required to update facility status at the end of every fiscal year. Each category listed receives a rating of good, fair, or poor, based on the condition of the item and the mission tasking of the base. Facilities are rated specifically to support the mission at that base and are not compared with other bases.



INFRASTRUCTURE INDICATORS

ITEMS	9AF										1AF
	ENG	HSD	LAN	MCD	MDY	MYR	S-J	SHA	AVP	TYN	
1. RUNWAYS	G	G	G	P	P	G	G	G	G	G	
2. TAXIWAYS & APRONS	G	P	F	P	G	F	P	P	P	F	
3. AIRCRAFT ARRESTING SYSTEMS	G	G	G	G	G	G	G	G	G	G	
4. AIRFIELD LIGHTING	P	F	G	P	P	F	F	P	G	F	
5. POL SYSTEM	F	F	P	G	G	G	F	F	—	F	
6. FIRE PROTECTION	F	P	F	F	G	G	F	G	F	G	
7. ELECTRICAL SYSTEM	F	P	F	P	G	P	F	G	F	F	
8. BACKUP POWER	G	G	G	F	G	F	G	F	F	G	
9. WATER SYSTEM	F	F	F	F	G	G	F	F	—	F	
10. SEWER SYSTEM	P	P	P	P	G	P	P	P	—	F	
11. HVAC	F	F	F	P	G	F	F	F	F	G	
12. ROOFING	P	P	P	P	G	P	F	P	F	F	
13. BASE PAVEMENT SYSTEMS	F	F	P	P	F	F	F	F	P	G	

G GOOD-NORMAL IN-HOUSE F FAIR-MINOR PROJECTS REQ'D P POOR-MAJOR REPAIRS/REPLMNTS REQ'D
WORK REQ'D

INFRASTRUCTURE INDICATORS

	12AF								TFWC		
	BER	CAN	D-M	GEO	HOL	HOW	LUK	MTH	GBD	NEL	ISS
1. RUNWAYS	G	G	G	P	F	F	G	G	F	G	G
2. TAXIWAYS & APRONS	P	G	F	P	P	F	P	P	F	G	G
3. AIRCRAFT ARRESTING SYSTEMS	G	G	G	G	G	G	G	G	G	G	G
4. AIRFIELD LIGHTING	G	G	F	P	P	P	P	F	G	P	G
5. POL SYSTEM	G	G	F	G	G	F	G	F	—	G	—
6. FIRE PROTECTION	G	G	F	F	P	P	F	G	F	G	P
7. ELECTRICAL SYSTEM	P	F	G	P	P	F	F	P	F	P	F
8. BACKUP POWER	G	F	G	F	F	F	G	G	G	G	G
9. WATER SYSTEM	G	F	G	P	P	F	F	F	G	P	P
10. SEWER SYSTEM	P	F	F	F	P	P	P	F	F	F	F
11. HVAC	F	G	G	F	F	P	F	F	G	F	G
12. ROOFING	P	P	F	F	P	F	P	P	F	P	F
13. BASE PAVEMENT SYSTEMS	F	F	F	P	P	P	P	F	F	F	P

GOOD-NORMAL IN-HOUSE F FAIR-MINOR PROJECTS REQ'D P POOR-MAJOR REPAIRS/REPLMNTS REQ'D
WORK REQ'D

ALTERNATIVE USE OF MYRTLE BEACH AFB

Senator THURMOND. Mr. Boatright, in considering Myrtle Beach Air Force Base for alternative uses would you please provide the subcommittee what it would cost to station an F-16 wing or a C-130 unit at Myrtle Beach Air Force Base. Please itemize the cost of the base improvements that would be required for both these weapons systems?

Mr. BOATRIGHT. For any level of accuracy, a site survey will be required to determine the cost to beddown an F-16 wing or a C-130 unit at Myrtle Beach Air Force Base. A line item listing is not possible without the site survey. However, a planning study for moving fighter aircraft conducted in 1989, shows that the Milcon to move fighter aircraft to Myrtle Beach AFB would exceed \$100 million. The Milcon associated with a C-130 unit at Myrtle Beach would cost approximately \$30 million.

Senator THURMOND. Mr. Boatright, funding operational flying hours will become more critical in future budgets. Since Myrtle Beach has several training ranges in its immediate vicinity there is the potential saving in flying hours. Would you please provide a list of the TAC bases and the flying time to their nearest training ranges.

Mr. BOATRIGHT. The following are TAC bases and the respective flying times to their nearest training ranges:

Holloman AFB, NM - Oscura 10 minutes, McGregor 3 minutes, Red Rio 15 minutes.

Seymour Johnson AFB - Dare County 15 minutes.

Myrtle Beach AFB - Poinsett 21 minutes, Fort Bragg 15 minutes, BT-9/11 38 minutes.

Shaw AFB - Poinsett 2 minutes, Dare 31 minutes, Townsend 20 minutes.

Moody AFB - Grand Bay 7 minutes, Poinsett 18 minutes, Townsend 15 minutes.

MacDill AFB - Avon 12 minutes.

Homestead AFB - Avon 20 minutes.

England AFB - Claborn 4 minutes, Peason Ridge 10 minutes.

Eglin AFB - R2914 2 minutes, R2915 2 minutes, Grand Bay 25 minutes.

Davis-Monthan - Goldwater 27 minutes.

George AFB - Superior Valley 8 minutes, Leach Lake 12 minutes.

Luke AFB - Goldwater 12 minutes.

Nellis AFB - Nellis 6-30 minutes depending on which range within the complex.

Mt. Home - Saylor Creek 10 minutes, Nellis 55 minutes, Utah Test and Training Range 25 minutes.

BASE CLOSURE

Senator THURMOND. Mr. Boatright, during the March meeting on Myrtle Beach Air Force Base you indicated that the A-10 is based on two other bases.

Could you provide the criteria the Department of the Air Force used in determining that Myrtle Beach Air Force Base should be recommended for closure instead of one of the other A-10 bases?

Mr. BOATRIGHT. The criteria used for Air Force basing decisions are defined in the DOD Base Structure Report which is published annually. As the report states, major consideration must be given to operational and training requirements, force deployment, use of multi-mission bases, and future flexibility. These considerations have evolved into a broad set of criteria which are used by the Air Force in developing and evaluating base realignment proposals. They are geographic location, facilities availability and condition, community services available to support Air Force activities/population, potential to accommodate future force requirements, existing or future encroachment which might impact Air Force operations, budgeting considerations inherent in the proposed realignment action, possible adverse environmental impact, and mission degradation as a result of force turbulence.

As you know, the Air Force has announced that there will be some reduction in the inventory of A-10 aircraft. Only three active duty bases have A-10s—Myrtle Beach Air Force Base, England Air Force Base, and Davis-Monthan Air Force Base. Davis-Monthan is a multi-mission base, with one of the missions being A-10 training and another major mission being the Aerospace Maintenance and Regeneration Center. Myrtle Beach and England on the other hand are single-mission bases with A-10s comprising that mission. A comparison between England Air Force Base and Myrtle Beach shows Myrtle Beach has more encroachment, joint use with the municipal airport, and less nearby range capability. Davis-Monthan and England Air Force Bases have been included as alternatives to the closure of Myrtle Beach in the environmental impact statement and the Air Force is performing the same pre-decisional evaluations required by 10 U.S. Code 2687.

Senator THURMOND. Mr. Boatright, my understanding is that over 800 citizens attended the scoping meeting at Myrtle Beach and that everyone spoke in favor of keeping the base operational. Considering the strong support shown by the community and the top notch facilities located at the base, I believe it would be in our Nation's best interest to keep the base open.

Has the Air Force considered alternative uses for Myrtle Beach Air Force Base and if so what were they?

Mr. BOATRIGHT. In the declining budget environment which the Air Force now faces, there are no current missions which are not already adequately bedded down at existing Air Force Installations. Adequate facilities already have been built or programmed at existing bases for the limited number of new missions approved by the Congress. It is most unlikely that the Air Force will receive any new assets in the foreseeable future which would require utilization of an additional installation. Therefore, it would not be in the best economic interests of the Government to relocate a unit to Myrtle Beach Air Force Base from an existing base where the unit already is bedded down adequately because of the significant additional costs such as a relocation would entail, e.g., costs of moving the unit and its personnel, padded military construction costs of tailoring existing facilities to a new mission or building new facilities, and base operating support costs of the installation.

Senator THURMOND. Mr. Boatright, could you provide me the total savings the Air Force will achieve by closing Myrtle Beach Air Force Base?

Mr. BOATRIGHT. While some preliminary feasibility analysis has been conducted regarding potential cost savings if Myrtle Beach Air Force Base were to be closed, the analysis is not in sufficient detail at this time to support either a conclusion regarding such cost savings or a final recommendation for or against closure. The basis for any final recommendations and any findings as to potential cost savings will not be available until after completion of the various studies and analyses required pursuant to law. With this qualification in mind, the still incomplete preliminary feasibility analysis which has been conducted to date does provide indications that the estimated costs of closing Myrtle Beach Air Force Base could be recouped in as little as one and one-half years. However, any definitive information on possi-

ble cost-benefits and pay-back periods would have to await completion and assessment of the mandated studies and analysis now in progress.

QUESTION SUBMITTED BY SENATOR PETE WILSON

Senator WILSON. Admiral Buffington, in light of the facts that the *New Jersey* will be mothballed next fiscal year and that the *Missouri* has been temporarily homeported in Long Beach, California for nearly 4 years, how much new construction and port facilities adjustment money would the Navy save overall should the *Missouri* remain in Long Beach?

Admiral BUFFINGTON. Estimated capital costs for homeporting *Missouri* at Pearl Harbor and Long Beach are as follows:

<u>Pearl Harbor</u>	
BB Pier (F5)	\$45M
Shoreside Support Facilities	<u>13M</u>
Planning Estimate	\$58M
<u>Long Beach</u>	
Pier 6 Upgrade	<u>\$5.5M</u>
Planning Estimate	\$5.5M

The above estimates are based on current homeporting plans. Pending base closure and realignment actions may result in changes to base loading at either site and could affect the above planning estimates for homeporting *Missouri*.

[Whereupon, at 3:20 p.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

FRIDAY, APRIL 20, 1990

U.S. SENATE,
SUBCOMMITTEE ON READINESS,
SUSTAINABILITY AND SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

DEPARTMENT OF DEFENSE MILITARY CONSTRUCTION PROGRAMS

The subcommittee met, pursuant to notice, at 9:39 a.m., in room SR-222, Russell Senate Office Building, Senator Alan J. Dixon, (chairman of the subcommittee) presiding.

Committee members present: Senators Dixon and Gorton.

Committee staff members present: Arnold L. Punaro, staff director.

Professional staff members present: Robert E. Bayer and David S. Lyles.

Minority staff members present: George K. Johnson, Jr., Ronald P. Kelly, and George W. Lauffer, professional staff members.

Staff assistant present: Mary J. Kampo.

Committee members' assistants present: John Gerhart, assistant to Senator Bingaman; Charles C. Smith, assistant to Senator Dixon; Terence M. Lynch, assistant to Senator Shelby; Robert M. Soofer, assistant to Senator Gorton; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR ALAN J. DIXON, CHAIRMAN

Senator DIXON. Today's hearing is the sixth in a series of hearings by the Readiness, Sustainability and Support Subcommittee regarding the Defense Department's amended fiscal year 1991 budget request.

Over the past 2 months, this subcommittee has held four hearings, which addressed major elements of the budget request which are funded through the Operations and Maintenance Account.

Yesterday, we examined the funding of the ongoing and proposed base closures, as well as the military services' plans to reduce force structure both in the United States and overseas.

These force structure changes in the Active and Reserve components are critically important to the military construction program. I cannot stress enough that neither Congress nor the American people are likely to be willing to apply scarce public funds to

the modernization of installations which may not be needed by the time construction is completed.

Today, the subcommittee has an equally ambitious agenda. Building on a hearing we conducted a year ago, we want to continue to explore with the Defense Department how we can jointly exercise prudent stewardship over the extensive facility infrastructure of the Department during a period of decreased funding. The budget figures for the last few years speak for themselves. Between the fiscal year 1989 authorization and the fiscal year 1991 request, the Military Construction Account has decreased from about \$9 billion to \$8.2 billion, a decrease of almost 10 percent. When the impact of inflation is calculated, the overall decrease in real terms is approximately 16 percent.

While the fiscal year 1991 request includes an additional \$917 million in base closure funds, only a portion of this sum is for construction. Until the base infrastructure can be reduced, we will continue to try to modernize and maintain our facilities with less and less funds.

In addition to receiving a general overview of the military construction request from the Defense Department and the military services, the subcommittee wants to concentrate on two areas which we discussed at length last year: third party financing mechanisms for construction and the long overdue renovation of the Pentagon.

Based upon last year's testimony before this subcommittee, we were able to enact a new authority for the Department to enter into lease/purchase agreements. The objective was to permit the military services to enter into long-term lease arrangements for facilities where it was economically advantageous to do so, and to obtain title to the facilities at the end of the lease.

In the next 2 years, the two third party financing authorities for family housing, the section 801 lease program, and the 802 guaranteed rental program will expire. In view of these expirations, this subcommittee joined the Military Construction Subcommittee of the House Armed Services Committee in requesting that the GAO review this matter and make recommendations regarding the most cost effective strategies to meet housing needs.

We are pleased to have Mr. Henry Hinton as our first witness, to discuss the GAO's findings in this area. He will be accompanied by Mr. Fred Dziadek—how do you pronounce that?

Mr. HINTON. It's "Jadek," Mr. Fred "Jadek."

Senator DIXON. Thank you. It's Fred "Jadek."

Also we will have Mr. Dade Grimes.

Following Mr. Hinton's testimony, we will have two additional panels of witnesses. The second will include representatives of the Office of the Secretary of Defense and the military services to discuss overall military construction funding and policy. The final panel, from the Office of the Secretary of Defense and the GSA, will address the renovation of the Pentagon, an old friend that we worked on last year.

Senator GORTON. That's right.

Senator DIXON. I have already asked our witnesses to keep their opening statements brief, so that we can move through this agenda

expeditiously and ensure time for questions of each of our panelists.

The subcommittee has carefully reviewed your prepared statements, and, without objection, they will each be entered into the record in their entirety.

Before proceeding to our first witness, I welcome any opening remarks from the ranking minority member of the subcommittee, the distinguished Senator from Washington, Senator Slade Gorton.

Senator GORTON. Mr. Chairman, I join you in welcoming today's witnesses. This subcommittee is certainly familiar with Mr. Hinton, who has worked with it and with other committees of Congress for a number of years.

On the second panel, Mr. Berteau must like the subcommittee because he spends so much of his time here.

Senator DIXON. Yes. He was here just yesterday.

Senator GORTON. I certainly hope he enjoys those experiences.

You have already mentioned the fact that we will get testimony on the proposed Pentagon transfer from the third panel. I suspect you must have a certain amount of *deja vu* in that connection.

If there is anyone in the room who is not familiar with Senator Dixon's valiant efforts last year about the transfer of the Pentagon, I certainly want to say that he did everything in his power to get the House to agree to the administration's request.

This was particularly notable because, when you get right down to it, you didn't even have a dog in that fight.

Senator DIXON. That's right. None.

Senator GORTON. He was just doing it because he thought it was right.

I want to say this, Mr. Chairman, both to you and to the witnesses here today on that subject, that I don't think we ought to put you through that kind of experience again this year. I simply want to emphasize that it seems to me that it is up to the administration to reach an agreement with all of the congressional committees involved in this issue ahead of time, and not run us through the kind of experience we went through last year.

Senator DIXON. Senator Thurmond has submitted a prepared statement to be inserted in the record.

[The prepared statement of Senator Thurmond follows:]

PREPARED STATEMENT BY SENATOR STROM THURMOND

Thank you, Mr. Chairman: I join you in welcoming our distinguished panels to today's hearing on the fiscal year 1991 military construction funding request. I want to especially recognize Mr. Berteau, who has appeared before us so many times during the past 3 weeks, that he should be considered a member of the subcommittee.

Mr. Chairman, last year—during this same hearing, with several of the same witnesses—I voiced my concern on the shape of our military installations' infrastructure. I recall that Mr. Berteau's predecessor testified that 30 percent of the Department of Defense's buildings are considered substandard—and that includes the Pentagon.

Today, Mr. Berteau indicates in his statement that the Defense Department will invest only about 2.7 percent of the Department's \$608 billion plant replacement value. The comparable investment in the public infrastructure is about 4.5 percent of replacement value. We all see what that 4.5 percent is getting us—we have unsafe bridges, our public highway system is falling apart and our sewers are spewing raw sewage.

Mr. Chairman, I believe the decay of our base infrastructure will continue unless both the Defense Department and Congress make the difficult budget decisions to fully fund its repair or replacement. Pending these difficult decisions, I would hope that the condition of the base infrastructure is one of the criteria used to determine whether or not to close a military installation.

Thank you Mr. Chairman.

Senator DIXON. I want to thank my distinguished friend and ranking member.

Mr. Hinton, we are delighted to have you.

STATEMENT OF HENRY HINTON, ASSOCIATE DIRECTOR, ARMY ISSUES, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY FRED DZIADEK, ASSISTANT DIRECTOR, ARMY ISSUES, NSIAD, AND DADE GRIMES, EVALUATOR-IN-CHARGE, ARMY ISSUES, NSIAD

Mr. HINTON. Thank you, Mr. Chairman.

We are pleased to be here today to discuss our views on the Defense Department's methods of providing military family housing in the United States through housing allowances and construction programs, which involve a long-term commitment for the Government.

These programs include: (1) the use of military construction funds to fund housing; (2) the section 801 build-to-lease program; and (3) the section 802 rental guarantee program. Currently, there are no section 802 projects.

My testimony this morning, Mr. Chairman, covers our views on the preferred method of funding military family housing, our estimate of the cost of the section 801 build-to-lease program, and our analysis of DOD's budget request for funding these projects.

First, we believe that housing allowances are the preferred approach to providing military family housing. In the current environment of a shrinking defense budget, potential base closings, and force reductions, the short-term flexibility offered by housing allowances we believe is preferable to the long-term commitments involved in construction.

We see several major advantages to the Government in using housing allowances. For example, they increase or decrease in response to the growth or decline of military installations and personnel levels. Conversely, the long-term commitments required by construction programs cannot be withdrawn when needs decline.

Another advantage is that military members pay some out-of-pocket costs when they receive housing allowances, while under section 801 and military construction housing programs, the Government provides for all the members' basic housing costs. Housing allowances, therefore, tend to be less expensive to the Government.

Although construction programs involve long-term commitments, they do have certain advantages. For example, in situations in which local housing markets cannot meet the services' housing demands, such as in remote areas, construction programs may be the only way to go. However, we believe that, even in these situations, DOD should first investigate the use of alternatives that involve a shorter term commitment, such as mobile homes, as was done at Fort Ord, California.

When housing provided through construction is appropriate, it ensures that military members' housing will meet DOD standards regarding the amount and quality of living space allowed by rank. Because the military controls this type of housing, it can make certain that DOD standards are met. Meeting the standards is less certain under the allowance program, which lets members select their own housing in the private market.

Despite these advantages, we believe the services' construction needs should be closely examined. We recently found that the Army had not adequately justified its need for a section 801 project at Fort Campbell, Kentucky. In determining its need, the Army inadequately estimated its housing requirements and the number of available private rental units.

The Army might still have reached an erroneous conclusion regarding its need for new construction, even if it had the right information. This is because the model that the Army uses to determine the need for military owned or controlled housing is methodologically flawed. The Army's model does not include any mechanism to equate the quantity of housing demanded with the quantity of housing supplied. As a result, the Army's model may indicate a need for additional housing when there is none.

As a result of our findings at Fort Campbell and as it concerns the model, the Senate Military Construction Appropriations Subcommittee decided not to approve any new section 801 projects until the deficiencies we found in the Army's model were corrected. We are currently reviewing the Army's efforts to correct these deficiencies.

Now let me address the cost of the section 801 program.

To be approved, section 801 projects must be shown by economic analysis to cost at least 5 percent less, in present value terms, than comparable military construction housing over a 20 year period. Since the program's inception in fiscal year 1984, the Congress has authorized 19,500 family housing units. During this period, the services entered into 25 contracts for the construction and leasing of about 8,800 units.

Based on the available information, we estimate that total section 801 costs for these 25 projects may be more than \$2.3 billion for the 20 year lives of the leases. The shelter rent alone, when all 25 projects are in effect, will amount to about \$86 million per year.

It is also important to note that section 801 projects may not always be cheaper than military construction projects. For 8 of the 25 project locations under contract, military construction projects were approved within a short period of time before or after section 801 projects were approved. For example, in fiscal year 1989, 108 military construction units were authorized, and 300 section 801 units were placed under contract at Fort Bliss, Texas. Building both types of projects at the same time and in the same location raises questions about the decision process for determining whether to use military construction or section 801 projects.

GAO, in past reports, has expressed concern over the economic analysis used to show that section 801 projects are cheaper than military construction. Our principal concern has been that private developers' borrowing costs will likely be higher than the Government's borrowing costs. As a result, section 801 projects should be

more expensive than comparable military construction, unless the costs can be reduced.

Finally, Mr. Chairman, let me address our finding that the services' budget requests overstate the funding needed for section 801 projects.

In examining past budget requests, we found that the services had included amounts for some section 801 projects that had been cancelled or delayed beyond the budget year. These projects amount to about \$10 million in fiscal year 1990. In our view, these funds are not required. We also found that between fiscal years 1987 and 1989, the services had requested about \$22 million for 17 section 801 projects that were not built or occupied during the budget year involved.

According to DOD, the information shown in the annual budget submissions for section 801 projects are nonbinding estimates that are usually out of date by the time the budget is submitted. We were also told that the House and Senate Armed Services Committees and the Appropriations Committees must be notified of both the request for proposal and the award winner before a section 801 project can be undertaken, and that the committees are kept up to date by periodic listings showing all section 801 projects that are under contract, in the request for proposal stage, or under consideration. This listing is usually not in agreement with the services' budget submissions and does not include cost information.

Under this approach, differences will exist between the number of section 801 projects appearing in the services' budget submissions and the actual number of projects on which expenditures are being made. The end result is that Congress does not know with certainty how much is being spent on section 801 projects in any one year or the extent to which funds earmarked for section 801 projects and budget submissions are being spent for other family housing programs.

Mr. Chairman, that concludes my statement. I would be happy to address any questions that you may have.

[The statement of Mr. Hinton follows:]

Statement of
Henry Hinton, Associate Director
National Security and International Affairs Division

Comparison of Defense Department's Methods
for Providing Military Family Housing

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our views on the Department of Defense's (DOD) methods of providing military family housing in the United States through housing allowances and construction programs.

DOD's long-term construction programs include (1) the use of military construction funds to build housing on or near bases, (2) the build-to-lease program, commonly known as the "section 801 program," whereby DOD leases a newly constructed housing project from a private developer for up to 20 years, and (3) the rental guarantee program, commonly known as the "section 802 program," whereby DOD can guarantee a private developer 97-percent occupancy for up to 25 years. Currently, there are no section 802 projects.

On the basis of our work in this area, I will provide our views on the preferred method of funding military family housing, our estimate of the costs of section 801 build-to-lease projects already approved by the Congress, our analysis of DOD's budget requests for funding for section 801 projects, and status of the 802 program.

SUMMARY

In summary, we believe that housing allowances, which assist service members in obtaining housing in the private market, are the preferred approach to providing military family housing. In the current environment of a shrinking defense budget, potential

base closings, and force reductions, the short-term flexibility offered by housing allowances is preferable to the long-term commitments involved in construction. We are also concerned about the adequacy of DOD's justifications for long-term construction projects.

Since 1985, the Congress has approved contracts for 8,823 section 801 build-to-lease housing units. We estimate that the total cost for the 20-year lives of the leases may be more than \$2.3 billion. We believe that these 801 projects may not be always cheaper than military construction because private developers' financing costs will likely be higher than the government's borrowing costs. Finally, we found that between fiscal years 1987 and 1990, the services had requested about \$32 million for section 801 projects that were not built or occupied as planned. Of this amount, the fiscal year 1990 budget includes about \$10 million that is not required.

HOUSING ALLOWANCES ARE THE PREFERRED APPROACH

DOD's long-standing policy is to rely first on local private markets in communities near military installations as sources of family housing. DOD provides housing allowances to service members to assist them in obtaining housing in the private market. These allowances are designed to cover most, but not all, of the housing costs. There are two types of housing allowances provided in the United States: the Basic Allowance for Quarters is a grade-specific allowance that is the same throughout the country; the Variable Housing Allowance is a supplement intended to equalize cost-of-housing differences among geographical areas. Approximately two-thirds of the service members in the United States receive housing allowances.

We see four major advantages to the government in using housing allowances. First, housing allowances increase or decrease in response to the growth or decline of military installations and personnel levels. Conversely, the long-term commitments required by construction programs cannot be withdrawn when needs decline.

Second, military members pay some out-of-pocket costs when they receive housing allowances, while under 801 projects and military construction housing programs, the government provides for all the members' basic housing costs. Housing allowances, therefore, tend to be less expensive to the government.

Third, private housing contractors have flexibility in designing local community housing and may be able to pay their workers lower wages than the government is required to pay in military construction programs. According to DOD officials, builders of military-owned or controlled housing must meet military design specifications and Davis-Bacon federal wage standards, which tend to increase housing costs.

Fourth, housing allowances allow military members a greater selection of housing options to fit their families' needs instead of limiting them to what is offered in military housing.

We are aware that DOD is studying the administration of housing allowances as part of a comprehensive examination of housing compensation issues. At the request of the Senate Committee on Appropriations, GAO is reviewing DOD's effort as part of our review of current and planned DOD housing compensation programs.

CONSTRUCTION NEEDS SHOULD BE CLOSELY EXAMINED

To the extent that the existing private market cannot provide family housing for service members, the services may request

military construction funds to build housing on or near military installations. Since fiscal year 1985, more than 16,000 military family housing units have been authorized for construction in the United States.

As an alternative to the services' building their own housing, the Military Construction Authorization Act of 1984 authorized DOD to consider build-to-lease (section 801) and rental-guarantee (section 802) projects. These are pilot programs that will expire unless the Congress takes action to renew them. The 801 program will expire in 1991, and the 802 will expire in 1990.

Although construction programs involve inflexible long-term commitments, they do have certain advantages. For example, in situations in which local housing markets cannot meet the services' housing demand, such as in remote areas, construction programs may be the only way to provide housing. However, we believe that, even in these situations, DOD should first investigate the use of alternatives that involve shorter term commitments, such as mobile homes as was done at Fort Ord, California.

When housing provided through construction is appropriate, it ensures that military members' housing will meet DOD standards regarding the amount and quality of living space allowed by rank. Because the military controls this type of housing, it can make certain that DOD's standards are met. Meeting the standards is less certain under the allowance program, which lets members select their own housing in the private market.

Another advantage to construction programs is that they enhance the availability of military members because such housing is located at or near installations. This availability is in keeping with the military's policy of placing priority-status personnel in

on-base housing to minimize commuting time in emergencies.

Despite these advantages, the services need to properly justify their needs for housing construction projects before making the expensive long-term commitment they require. We recently found that the Army had not adequately justified its need for a section 801 project at Fort Campbell, Kentucky. The Army based its recent request for a 300-unit 801 project on inaccurate data and a faulty model.

In determining its need, the Army inadequately estimated its housing requirements and the number of available private rental units. When we corrected these inaccuracies, the Army could not justify additional family housing construction based upon its own model. Furthermore, the Army might still have reached an erroneous conclusion regarding its need for new construction even if it had correctly calculated its housing requirements and the number of available rental units. This is because the model it uses to determine the need for military-owned or controlled housing is methodologically flawed. The Army's model does not include any mechanism to equate the quantity of housing demanded with the quantity of housing supplied. As a result, the Army's housing model may indicate a need for additional housing when there is none.

As a result of our findings, the Chairman of the Subcommittee on Military Construction, Senate Committee on Appropriations, deferred action on the Fort Campbell project until the Army corrects the errors in its housing data. The Subcommittee also decided not to approve any new Army section 801 projects until the deficiencies we found in the Army's model are corrected. We are reviewing the Army's efforts to correct the deficiencies in its model.

COSTS OF THE SECTION 801 BUILD-TO-LEASE PROGRAM

In section 801 projects, DOD leases a newly constructed housing project for up to 20 years from a private developer. To be approved, 801 projects must be shown by economic analysis to cost at least 5 percent less, in present value terms, than comparable military construction housing over a 20-year period. Since the program's inception in fiscal year 1984, the Congress has authorized 19,500 section 801 family housing units. During this period, the services entered into 25 section 801 contracts for the construction and leasing of 8,823 of these authorized units. Fourteen of these 801 projects, totaling 4,513 units, are completed and occupied under lease.

Estimated Cost of the Section 801 Projects Under Contract

The shelter rent paid to the owners of these 8,823 authorized housing units will exceed \$1.7 billion for the 20-year lives of the leases. Shelter rent covers the cost of construction, site preparation, taxes, and insurance. Shelter rent does not include maintenance or utility costs.

DOD will be liable for most of the 25 section 801 projects' costs in future years, as none of the 20-year leases have been in effect for more than 4 years, and 11 had not started as of February 1990. The shelter rent, when all 25 project leases are in effect, will amount to about \$86 million per year.

In addition to shelter rent, DOD will also pay the maintenance and utility costs on these 25 projects. Information on which to base estimates of these costs is not available on many of the projects. However, on projects for which the information is available, maintenance and utility costs average 27 percent of total project costs. Using this percentage as a base, we estimate that total 801

costs (including shelter rent, maintenance, and utilities) may be about \$2.3 billion for the 20-year lives of the leases. In present value terms, using a discount rate of 8.7 percent (the current yield on long-term Treasury securities), the cost would be about \$1.1 billion. These estimates do not include any increases to account for escalation in the costs of maintenance, utilities, taxes, and insurance; nor do they include any overhead costs associated with the planning and administration of the projects.

Section 801 Project Costs May Not Always Be Cheaper Than Military Construction Projects

For eight of the 25 section 801 project locations under contract, military construction projects were approved within a short period of time before or after the section 801 projects were approved. For example, in fiscal year 1989, 108 military construction units were authorized, and 300 section 801 units were placed under contract at Fort Bliss, Texas. In the same year, the Navy authorized 150 military construction units and contracted for 202 section 801 units in New York City. Building both types of projects at the same time and in the same location raises questions about the decision process for determining whether to use military construction or section 801 projects.

GAO, in past reports, has expressed concern over the economic analysis used to show that 801 projects are cheaper than military construction. Our principal concern is that private developers' borrowing costs will likely be higher than the government's borrowing costs. As a result, section 801 projects should be more expensive than comparable military construction unless their costs can be reduced.

Budgets Overstate Funding Needed For Section 801 Projects

The services use operations and maintenance funds to pay the costs of their section 801 projects. Each year, the services include a breakout of their 801 projects in their budget submissions for operations and maintenance funding. The breakouts include new projects they plan to implement during the year as well as the costs of previously implemented projects.

In examining past budget requests, we found that the services had included amounts for some section 801 projects that had been canceled or delayed beyond the budget year. These delayed or canceled projects amounted to about \$9.9 million in fiscal year 1990. In reviewing prior year budgets, we found that, between fiscal years 1987 and 1989, the services had requested about \$22 million for 17 section 801 projects that were not built or occupied during the budget year involved. For example, in fiscal year 1987, the Army submitted a budget request for \$1.5 million to cover rent and other costs for 300 units of a proposed 801 housing project in Hawaii that was never built. This project, which has also appeared in the Army's budget requests for fiscal years 1988, 1989, and 1990, has still not been built. The total amount of funds requested for this one project for all 4 fiscal years amounted to \$3.8 million.

According to a DOD official, the information shown in the annual budget submissions for section 801 projects are nonbinding estimates that are usually out of date by the time the budget is submitted. This official said that the House and Senate Committees on Armed Services and on Appropriations, which must be notified of both the request for proposal and the award winner before an 801 project can be undertaken, are kept up to date by a periodic listing showing all 801 projects that are under contract, in the request-for-proposal stage, or under consideration. This listing

is usually not in agreement with the services' budget submissions and does not include cost information.

Under this approach, differences exist between the number of 801 projects appearing in the services' budgets submissions and the actual number of projects on which expenditures are being made. The end result is that the Congress does not know with certainty how much is being spent on 801 projects in any one year or the extent to which funds earmarked for 801 projects in budget submissions are being spent for other family housing purposes.

Appendix I shows detailed information on the fiscal year 1990 budget regarding funding requests for rental payments and other related occupancy costs for projects that will not be built or completed during the year. Therefore, the funding requested for these projects is not required.

STATUS OF THE SECTION 802 RENTAL GUARANTEE PROGRAM

Section 802 rental-guarantee projects are housing projects for which DOD guarantees a 97-percent occupancy for up to 25 years when the developer agrees to give priority consideration to renting to service members. To be approved, an 802 project must be shown by economic analysis to cost less than a similar military construction project. Also, the project must be affordable to the service members who will occupy it. DOD has not defined what "affordable" means because no section 802 projects have been built. However, according to DOD officials, "affordable" housing would probably be defined as housing whose costs do not exceed a reasonable amount of out-of-pocket costs beyond the housing allowance.

According to DOD officials, there were several reasons that 802 projects have not been attractive to contractors. For example,

government-guaranteed rents were based on housing allowances, which were below market rates. Another reason cited was that legislation required DOD to cancel the contract if it determined that maintenance was not being performed properly. This meant that the contractor could lose his guarantee over a maintenance dispute. The legislation has been recently revised to eliminate this possibility and to allow utilities to be paid from appropriated funds. DOD hopes that these changes in the legislation will generate more contractor interest in the 802 program. DOD is currently considering an 802 project.

- - - - -

This concludes my prepared statement, Mr. Chairman. I will be happy to respond to any questions you or the other Members of the Subcommittee may have.

1

APPENDIX I

Table I.1: Funds for 801 Projects Not Required in Fiscal Year 1990

Dollars in Thousands

<u>Location</u>	<u>Units shown as occupied in 1990</u>	<u>Appro- priation request</u>	<u>Current status</u>
Army			
Ft. Benning	150	\$583	Project deleted.
Ft. Bragg	200	756	Project being considered.
Ft. Devens	100	570	Project being considered.
Ft. Dix	100	555	Project deleted.
Ft. Wainwright ^a	350	3,503	Project deleted.
Oahu Consolidated	200	<u>1,133</u>	Project being considered.
Total Army		\$7,100	
Navy			
29 Palms	100	<u>1,000</u>	Contract terminated.
Total Navy		\$1,000	
Air Force			
Whiteman	100	1,330	Project deleted.
Hurlburt	50	167	Contract being solicited.
March	100	<u>276</u>	Project deleted.
Total Air Force		<u>\$1,773</u>	
Total all services		<u>\$9,873</u>	

^aThe amount of the appropriated request is a net amount of two projects at Ft. Wainwright.

Senator DIXON. Thank you very much, Mr. Hinton.

Does either Mr. Dziadek or Mr. Grimes have anything that they want to add to what has been said.

Mr. HINTON. I think we are all together right now on this.

Senator DIXON. Good.

May I first ask this question, because I don't want to characterize your testimony as being other than what it actually is. But is it an oversimplification of your testimony that you really feel some kind of housing allowance is the most cost-effective way to deal with the situation now with these changes that we see in force levels and other things?

Mr. HINTON. No, sir.

Senator DIXON. In other words?

Mr. HINTON. We would see housing allowances to be cheaper, on average, than the cost of construction.

Senator DIXON. Are you able to say on the basis of that—in other words, your first position here is the most cost effective way to do this, the way to do it that's best from the standpoint of savings, is

to do it through housing allowances. Then, from the standpoint of the personnel involved, the folks in the service, how is it from their perception of it? Do they like that as well, or would they prefer to have one of the alternatives?

Mr. HINTON. Mr. Chairman, we have not done a study looking at the administration of the housing allowance program.

We are aware that DOD is looking at that. The General Accounting Office has been tasked by the Senate Appropriations Committee to look at DOD's effort in that regard.

Senator DIXON. It occurs to me—and I don't want to be argumentative about it—particularly as we are continuing with a volunteer force and there are less and less people, that we ought to be concerned about what is in their best interest as well, and not just about the cost here. I would hope that staff is prepared to address that question as well, although I hear what you are saying.

Mr. HINTON. Yes, sir.

Senator DIXON. I have some further questions, but would defer to my colleague at this time.

Senator GORTON. Thank you.

You made the statement that one of the advantages of this program, of the allowance program for off-base housing, is that the military person spends out of pocket money which otherwise in government housing the Government would undertake.

I suppose, while that may be of considerable interest to the Government, doesn't it mean that the military person is worse off under the circumstances that you outlined, and better off if he or she has on-base housing?

Mr. HINTON. Senator Gorton, in response to your question, we understand that the basic allowance for quarters and the variable housing allowances are targeted at roughly 85 percent of the median cost of housing in the private sector in any given area. And we understand that, because of budget constraints, this amount has been reduced down to about 80 percent, as of about January 1, and that it is causing more out of pocket costs, and that housing allowances have not been fully funded.

Senator GORTON. So, from the point of view of the service member, the service member generally is going to want on-base government owned housing when he or she can find it. And the course of action which you outline here is a disguised reduction in compensation for men and women in uniform, then.

Mr. HINTON. I don't take exception to what you are saying.

Senator GORTON. Now let's even assume the validity of your report. In general terms, aren't there two sets of circumstances under which it may create very real problems? One would be a military station quite isolated from any large urban area, where housing may simply not be available. The other might be the urban area like Washington, DC, or some other rapidly growing place in which the housing market is very, very tight and quite expensive.

Is that not true?

Mr. HINTON. Those conditions could exist. Yes, sir. I think in the remote areas, such as you describe, there may be occasions where you are going to need military construction to satisfy those housing needs. But, on the other hand, the housing allowances are there to

assist in providing housing in the private sector, particularly urban areas.

Senator GORTON. So, in summary, your proposal is not only most economical, it might be most economical for the Government and might be advantageous to the service member if and as the housing allowance is adequate in the market in which it is being given, but only under those circumstances, I take it.

Mr. HINTON. Yes, sir. That is correct.

Senator GORTON. Thank you, Mr. Chairman.

Senator DIXON. Thank you, Senator Gorton.

Just to pursue that a little more, I don't recall that we visited this in past hearings and I think it becomes more and more relevant as we see our shrinking forces and we try to figure out what to do about this.

Is there any determination about how much housing we have out there that's readily available for ordinary service people?

Mr. HINTON. That is a part of the process that the DOD and services go through in coming up with their justification for the project.

Senator DIXON. Yes. But I was wondering, Mr. Hinton, for instance, of all the service people around, what percentage of them actually are able to obtain on base housing or some kind of housing that is available to them, independent of using a housing allowance? Is there any number like that known to the GAO?

Mr. HINTON. About two-thirds receive housing allowances.

Senator DIXON. So, only one-third are actually using housing, and two-thirds are actually out there, using housing allowances.

Mr. HINTON. Yes, sir.

Senator GORTON. If I might interrupt—and excuse me—does that figure include single members who live in barracks on base?

Mr. HINTON. No, sir. This is family housing.

Senator GORTON. You're just talking about family housing?

Senator DIXON. Yes, family housing. Very good. That point is well taken.

But of the family allowance group, two-thirds actually use a housing allowance. And, of course, using the pencil, that is cheaper for the Government. That is a better deal from a financial standpoint. That's the point that you are making.

Mr. HINTON. Yes, sir. We would say, on average, that that would be the case, that it would be cheaper.

Senator DIXON. Has anybody ever done a review of what would be fair for those individuals in the sense of whether we ought to revisit the question of whether our housing allowance is adequate or whether, in fact, the point made by my distinguished friend from Washington State has validity, that what we're kind of really doing there is reducing their salary effectively, particularly for those, I sense—and I could be wrong; perhaps staff will correct me—in many cases the people with the lower class station in the service, if you don't mind my characterization.

Senator GORTON. The lower ranks in the services.

Senator DIXON. Yes, the lower ranks.

Mr. HINTON. What you are discussing right now, Mr. Chairman, is exactly what DOD now has under study. That study has not been completed.

We, GAO, have been tasked to take a look at DOD's study when it is completed. That's getting at the issue of the housing compensation, the equity of the issues within the housing compensation program.

Senator DIXON. Well, I just wonder, is there any possibility that all of that will be available before we go to markup in June, that kind of information?

Mr. HINTON. I'm not sure whether it will be available then or not, Mr. Chairman.

Senator DIXON. Well, the chairman is just wondering out loud about whether we couldn't see whether there is a possibility of a better allowance or something, and how the pencil would work on that.

What is your view of that? This is to say, if the allowance were more generous, would your statement, do you think, still be true?

In other words, you can make anything so cheap that it saves money. And you're saying here that the allowance is roughly what—80 percent of median value, did you say, or 85 percent?

Mr. HINTON. It's about 80 percent right now.

Senator DIXON. All right. For argumentative purposes if it is 80 percent right now and you are saying there is a definite savings there, would that be true at 90 percent or 95 percent still, that there would be a definite saving there? Do you follow my reasoning?

Mr. HINTON. It would be true.

Senator DIXON. It would still be true.

Are you actually saying to this committee that if we were completely generous and paid them what median costs were for housing out there, there would still be a saving against doing more housing?

Senator GORTON. That's 100 percent.

Senator DIXON. That's what I'm saying, 100 percent—if we paid the median.

Mr. DZIADZEK. Sir, if it is right at the median, then, assuming that you have the same type of housing involved—and that is a basic assumption to be made—then you could say that it shouldn't make any difference in terms of government outlays, except that—and this is very critical—it comes back to the question of flexibility. This is because with the construction funds, you have long-term commitments whereas with the housing allowance you do not.

Senator DIXON. That was my point, Mr. Dziadek, the point that I thought Mr. Hinton had well made. That is, you build all this stuff, and when you have shrinking forces and other such things, you might have unnecessary housing in a variety of places. I assume that was part of your point.

I know of several cases in my State right now under base closure where we have some housing that I suspect will not be used.

I just wanted to see whether there was some question about that. I take it that in a perfect world, they would be comparable. But, because of the variations and so forth, there is still some reason to believe we might be doing just as well to give them a full allowance.

I don't know if the money is there to do it. I'm just talking theoretically here.

Mr. DZIADEK. That's a possibility. But we also recognize—you were making the point about urban areas—that even in urban areas where there might be administrative problems, housing allowances do increase. They are supposed to provide for differential, local area costs.

Senator DIXON. I thank you very much.

Staff reminds me that there would be a jurisdictional dispute in this committee on the question of arriving at some kind of resolution of that in any event. But what you have told me I think is helpful.

Senator Glenn's committee would obviously be jurisdictional on a good deal of what we are discussing here, and I'm going to ask staff to discuss that with Senator Glenn's subcommittee.

Let me just make this final point. Was it your recommendation, then, Mr. Hinton, with respect to these two programs, that we abandon them now?

Mr. HINTON. Oh, no, sir. No, sir. We are not making that recommendation.

Senator DIXON. You are not making that recommendation, then. No.

Did you have anything to say on this subject, Mr. Grimes.

Mr. GRIMES. No, sir.

Senator DIXON. I want to thank you all for this very valuable contribution. We appreciate it.

Mr. HINTON. Thank you, Mr. Chairman.

Senator DIXON. Mr. Berteau, why do you keep coming back here when we abuse you so?

Mr. BERTEAU. Because I love it so much. [Laughter.]

Senator DIXON. Has anybody called Senator Shelby and told him Mr. Berteau was here today? [Laughter.]

Mr. BERTEAU. We've already had our discussion this morning, sir. [Laughter.]

Senator DIXON. We welcome our second panel this morning, which will discuss the overall military construction request for fiscal year 1991. The panel includes Mr. David J. Berteau, Principal Deputy Assistant Secretary of Defense for Production and Logistics; Maj. Gen. Peter J. Offringa, Assistant Chief of Engineers, Department of the Army; Rear Adm. Jack Buffington is with us again, the Director of Shore Activities, Office of the Deputy Chief of Naval Operations for Logistics; Brig. Gen. Wayne T. Adams, Director of the Facilities and Services Division, U.S. Marine Corps; and Maj. Gen. Joseph A. Ahearn, Director of Engineering and Services, Department of the Air Force.

Mr. Berteau, I ask that you limit your opening remarks to 10 minutes and that your colleagues limit to 5. Then we will get to our questions.

We thank you very much, and your prepared statements will be included in their entirety in the record.

Mr. Berteau please proceed.

STATEMENT OF DAVID J. BERTEAU, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS); ACCOMPANIED BY MAJ. GEN. PETER J. OFFRINGA, USA, ASSISTANT CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY; REAR ADM. JACK E. BUFFINGTON, CEC, USN, DIRECTOR, SHORE ACTIVITIES DIVISION, OFFICE OF THE DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS); BRIG. GEN. WAYNE T. ADAMS, USMC, DIRECTOR, FACILITIES AND SERVICES DIVISION, OFFICE OF THE DEPUTY CHIEF OF STAFF (INSTALLATIONS AND LOGISTICS); AND MAJ. GEN. JOSEPH A. AHEARN, USAF, DIRECTOR OF ENGINEERING AND SERVICES, DEPARTMENT OF THE AIR FORCE

Mr. BERTEAU. Thank you, Mr. Chairman. We will proceed that way. In fact, in the interest of time and for the benefit of the committee, we have agreed that we will just do a single oral statement. I will briefly summarize, and all five of our statements will be submitted for the record. We will give you the maximum amount of time that way.

Senator DIXON. That's very kind of you.

Mr. BERTEAU. Also, if I might, I will deviate from my statement a couple of times to try to respond a little bit to the discussion that just ensued as we were sitting here, and we can go into that further, as you wish.

Senator DIXON. Thank you.

Mr. BERTEAU. As you know, the budget request for military construction and real property maintenance for fiscal year 1991 is almost \$15 billion. Of that, about \$4.8 billion is in construction; \$3.5 billion is in family housing; about \$900 million is the base closure account, which we discussed at some length yesterday; and \$5.7 billion is in real property maintenance.

I will go through this very briefly. I have a considerable amount of detail in my written statement which I won't go into orally.

The \$9.1 billion total military construction budget is about a 2.9 percent real growth over fiscal year 1990, although it is actually 6 percent below the appropriations for 1988 and 1989. As you noted in your opening remarks, it is actually even further below when you look back at a more reasonable baseline.

While my statement goes into some detail on that, I will not elaborate further this morning, until we get into the questions.

Family housing is at \$3.5 billion. This is an increase of about 3.3 percent over fiscal year 1990 appropriations. This covers, of course, the operations and maintenance of 390,000 family housing units, the construction of only 1,250 new family housing units, and payment for about 58,000 new and existing family housing lease units, which is a small increase over fiscal year 1990. It is about a 4,000 increase over fiscal year 1990, in terms of the number of leased units.

I would point out, in fact, with respect to section 801, for example, that the total amount of additional new money going into section 801 leasing is not enormous. I will come back to that in a minute, when we get to that subject.

The real property maintenance request is \$5.7 billion, which, again, is a real increase of 9.5 percent over fiscal year 1990 appro-

priations, but a decline of 16 percent from the fiscal year 1987 appropriations. The increase over fiscal year 1990 reflects our need to do something about the poor state of our existing facilities and the need to repair a large portion of our inventory, as well as the importance that the Department places on protecting our current investment and helping our people.

The Real Property Maintenance Account does provide the Department with a lot of flexibility to respond to pressing repair needs first and to deal with emergencies. About half of what we put into the budget we can actually predict and know about at the time we are putting the budget together. Another half of what we spend on the real property maintenance account tends to be projects and needs that emerge after we have actually begun to put the budget together. I would categorize those as unforeseen projects. In other words, in the more than 2 years between the time we start putting the budget together and the time we actually start spending the money after it is authorized and appropriated, we don't have enough wisdom to foresee what emergencies are going to be there 2 or 2½ years in advance. So much of that account gets spent on foreseen projects but we cannot always specify which pavement is going to collapse, which sewage system is going to need to be replaced, at what point in time, for example.

So we need the continuing flexibility in this program to execute those unforeseen projects. It would also help us across the board if we had more stability in the funding cycle. I know this committee has taken the lead for a couple of years on trying to move toward a 2-year budget. I want to go on record as supporting that and urging Congress to continue moving in that direction.

You mentioned in your opening remarks, Mr. Chairman, the third-party financing and the private sector investment. Of course, in addition to our military construction accounts, we have several authorities under which we are able to acquire facilities and services using that private sector capital investment, but they have limited applicability, and our use of them has generally been modest. We have used them in cases where they are an important complement to our traditional military construction program.

We feel that each one of those authorities works pretty well under the right circumstances. No one is particularly superior to the other.

For the section 801, for example, which is our most active private sector authority, we have nearly 9,000 housing units currently under contract with this authority. It works particularly well in certain areas, where it can actually produce housing more quickly and less expensively than the military construction alternative.

In response to what the GAO panel said, we don't use section 801 unless it is cheaper. GAO cited, for example, 8 of 25 projects where we also had co-located military construction projects at the same installation or the same area. I looked at all of those, and in each case you have a situation where the military construction project in fact was justified by the need to have the members on the base, available for the particular kinds of critical mission functions that they needed to be there to perform; and the section 801 housing was useful and eligible because, in fact, you could use it further out

in the community, and we didn't need to have all of those people as close by. And in each case they are cheaper.

In fact, one of the things the GAO cited was the fact that we don't always come forward each year with a congressional notification for everything we've put in the budget request. That's because we do such a careful review to make sure that in each case it is going to be a superior alternative than pursuing military construction. We will be glad to go into specific details, if you wish, on that.

You also cited the section 802 rental guarantee housing authority in your opening remarks. It does have great potential. We had some trouble making it work because of some statutory problems, which you helped us to fix last year. We are very close to awarding or beginning to execute our first section 802 projects. The Army has one, I believe, and we would be glad to discuss that with you if you wish. The authority for that does expire this year, and we are asking for a 1 year extension in order to demonstrate that it works and to be able to get that project off the ground.

Section 2809 of Title X, the long-term facilities contract, has given us new child development centers at the Pentagon and at Tracy Depot in California. It has given us an administrative facility at the Memphis Naval Air Station. We have a couple of new contracts we have just awarded, and we have several other projects in various stages of development. These give us an opportunity to take advantage of a situation where if we had to go through the normal military construction route, it would take years and years to be able to satisfy a critical need.

Section 2812, the lease purchase authority, looks like it has good potential. We are still discussing some policy issues with OMB with respect to scoring. I'm not going to predict at the moment how that is going to come out. But in the event that, in fact, we reach agreement on scoring, then we do have some strong candidate projects under review. As with our other programs, we would, of course, provide both the justification and the review of that project to the committee and all the other relevant committees prior to soliciting a proposal.

We have several other programs. A common characteristic of all of these private sector programs is that they let us acquire facilities and services more quickly and less expensively than the other alternatives. They have never been intended to replace our traditional military construction program, but they do complement it well.

Let me talk a little about the section 801 housing versus the housing allowances.

The facts are pretty much as laid out by the GAO. Our enlisted member costs us maybe \$4,000 a year on average for housing allowances; officers average around \$7,000 a year. These numbers are off the top of my head. I would have to do the arithmetic to get the exact average. The family housing overall will generally run us something on the order of \$6,000 a year, and that includes the maintenance, et cetera. Section 801 leasing is frequently a little cheaper than the family housing. But there is still a relatively even range there between housing allowances and the others, by the time you add the members' out of pocket costs on top of that and what we pay for with family housing.

Generally, we are looking at it from a cost and benefits perspective. For example, of the 1,250 new units that are in the budget for fiscal year 1991, over 700 of those are in southern California. That is a very high cost area, and for junior enlisted members, the housing allowances don't even come close to meeting their needs. The caps that we have had placed on those allowances make it very difficult for junior members with their families to afford housing on the market in the private sector in some of our high cost areas, and, again, in some of our more remote areas as well.

So we would certainly welcome being able to expand the housing allowances, and the report I believe is actually scheduled to be completed internally in May. We are undertaking that study in response to both this committee's direction in, I think, the 1989 Authorization Act, and the Appropriations Committee's direction in the 1990 appropriations report.

I think the scheduled completion date of that study is May. There are a lot of contentious issues there in terms of what kind of hierarchy you build, what you pay to which grades, and how you balance officers and enlisted, and the 350-some-odd areas that we now have to survey and balance off to try to simplify the process so that we can actually be more responsive in terms of the housing allowances.

I would be glad to get back to you for the record and give you a more specific expectation date on that.

Senator DIXON. All right. Thank you.

[The information follows:]

JOINT SERVICE HOUSING ALLOWANCE STUDY

The Joint Service Housing Allowance Study is being conducted in response to the Report of the Committee on the Armed Services on the National Defense Authorization Act of 1989 and to Senate Appropriations Committee language on the DOD Authorization Act of 1990. Responding to the congressional intent, the study group is engaged in a comprehensive review of the housing allowance system with the goal of resolving current inequities and establishing an adequate standard for the military housing allowance system. As noted in the committee reports, this is a complex and time consuming undertaking, which has taken longer than anticipated. However, the report is nearing completion which is expected by the end of June 1990. If for any reason, the report is delayed, the Department will submit a more timely interim report containing those findings for which legislative authority is desired in the 1991 Authorization Act.

Mr. BERTEAU. Overseas construction is our lowest percentage and our lowest total request for overseas military construction in the last decade. Less than 15 percent of our total military construction budget is for specified construction outside the United States. That's about \$1.1 billion. Of that, \$420 million is for the NATO infrastructure program.

The projects that make up this request are at locations where we would anticipate staying, regarding of force structure reductions. I have gone into some examples of that in my written statement.

Obviously, the working and living conditions overseas are important to the people that we have stationed there, in fact, perhaps even more so than those that we have stationed here in the United States. We will need to continue to invest where we will remain.

The largest portion of that is the NATO infrastructure program at \$420 million. This is our 28 percent share of the overall NATO

infrastructure program. As you know, we've put in about 28 percent. We get back something on the order of 45 percent to 50 percent in terms of what actually is spent for our forces and directly supporting U.S. forces in NATO.

This \$420 million is the funds to relocate the 401st Tactical Fighter Wing from Torrejon, Spain, to Croton. You are very familiar with that issue.

Senator DIXON. Yes, that does have a familiar ring to it. [Laughter.]

Mr. BERTEAU. Yes, sir. I can recall sitting at this very table last year on that very issue.

We clearly need to continue to invest in defense facilities for three reasons which I will summarize, and then I will come to my conclusion.

As a whole, obviously they are not nearly in the condition we would like them to be. We have over \$600 billion in replacement value of our military facilities today. We're spending less than 3 percent of that annually in terms of updating and modernizing those. That is well below not only what the private sector tends to do, but it is even well below what the public sector elsewhere tends to do. I am not sure that the public sector is the model that we want to be below there.

I just completed a 2,500 mile drive across the country on the interstate system, and I can tell you that it is not in great shape.

The second reason, of course, with the smaller force structure and with the changing missions, is we need to get the most and best production out of our people. We are going to have fewer of them. We are going to have to get more productivity out of them.

Frequently, the poor facilities that we have make it very difficult to do that, and a lot of the investments that we look for are those that can have pay-off to us in terms of better productivity and better efficiency.

This is our third reason. It will help us get rid of inefficient, uneconomical facilities, and that helps us reduce costs.

Mr. Chairman, you and this committee have been very supportive over the years of this, and particularly last year, your report language highlighted the need for continuing investment. We have tried to respond to that in this year's request. We are at 3.1 percent of the defense budget, up from about 2.7 percent last year.

We feel that we clearly need to invest in the bases that we are going to keep at our core facilities and that the changing threats to the Nation mandate nothing less than that.

We urge your support of the request, including the legislative proposals and the third party financing options, and we are now ready to take your questions this morning.

Thank you.

[The statements of Mr. Berteau, General Offringa, Admiral Buffington, General Adams, and General Ahearn follow:]

Statement of
Mr. David J. Berteau
Principal Deputy Assistant Secretary of Defense
(Production and Logistics)

INTRODUCTION

Mr. Chairman and members of the Committee.

It's a pleasure for me to be here today to present the fiscal year 1991 Department of Defense budgets for military construction and real property maintenance, and to discuss why we should continue to invest in defense facilities.

FACILITY BUDGETS

The budget request for military construction and real property maintenance is \$14.8 billion. These two programs form the large majority of the Department's investment in its facilities. Although both of these programs affect the condition of our facility inventory, they operate under different rules and are managed separately to provide the optimum use of the funds provided.

Most military construction projects are funded after a lengthy review process for each project, culminating with the Military Construction Authorization Act and the Military Construction Appropriations Act. With all of the rules affecting design and construction of these projects, it is not unusual for it to take anywhere from 3 to 5 years from identifying a project to having the authority to proceed with the project. The real property maintenance program is not encumbered by the detailed review. Projects compete with each other and with emergent work for the funds available, with the most urgent items funded first.

This table highlights the past funding and the budget request for the two programs.

MILITARY CONSTRUCTION

AND

REAL PROPERTY MAINTENANCE

(CURRENT \$ MILLIONS)

(APPROPRIATIONS)

	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
Construction	5,466	5,721	4,810	4,752
Family Housing	3,197	3,260	3,220	3,457
Base Closure	<u>0</u>	<u>0</u>	<u>500</u>	<u>917</u>
Subtotal Military Construction	8,663	8,981	8,530	9,126
Real Property Maintenance	<u>4,702</u>	<u>4,957</u>	<u>4,960</u>	<u>5,665</u>
Total	<u>13,372</u>	<u>13,938</u>	<u>13,490</u>	<u>14,791</u>

The military construction appropriations request for fiscal year 1991 is \$9.1 billion. Including funding for actions associated with base closures and realignments, the total military construction request represents 2.9 percent real growth from the fiscal year 1990 appropriations, although it is 6 percent below the appropriations for each of fiscal years 1988 and 1989.

The military construction program includes \$76.3 million for projects to help destroy chemical munitions at Army Depots in Anniston, Alabama, and Tooele, Utah; an explosives handling wharf at Kings Bay, Georgia for \$56.6 million; and \$55.0 million for headquarters of the Naval Intelligence Command, in Suitland, Maryland. Other major efforts in the construction portion of this request are \$64.8 million for a large blast and thermal simulator at the White Sands Missile Range, New Mexico, to test the effects of nuclear explosions on weapons systems; \$109.3 million for the large rocket

test facility at Arnold Engineering Development Center, Tennessee; and hospital replacement facilities at Fort Sam Houston, Texas, \$77.0 million, Nellis Air Force Base, Nevada, \$56 million, and Portsmouth, Virginia, \$40 million.

We have an important new legislative proposal in this year's package that we think will help us get better value for each dollar. The proposal would allow one major command from each Military Department to approve any project costing \$5 million or less, whether authorized or not. These projects would be funded from the total appropriations available to that command for projects costing \$5 million or less. The program should improve cost effectiveness, quality and the responsiveness of the military construction program. We are asking for the authority to test this idea beginning with the fiscal year 1991 program.

In addition, the Office of Management and Budget has approved the transfer of the Pentagon reservation from the General Services Administration to the Department of Defense. Legislation to accomplish that transfer was forwarded on March 20, 1990. The transfer will give the Department sole control over coordinating the movement of people, budgeting resources, and scheduling the rehabilitation work. This level of control will result in better operation of the facility, not only during the rehabilitation, but continuously.

The family housing request is \$3.5 billion, in real terms an increase of 3.3 percent over fiscal year 1990 appropriations. The request covers operation and maintenance of 390,000 family housing units, construction of 1,249 new family housing units, and payments for over 58,000 new and existing family housing leased units.

Well over half of the new construction units requested are located in Southern California; 116 units in Camp Pendleton, \$11.8

million; 300 units in Long Beach, \$24.9 million; and 300 units in San Diego, \$31.9 million. The largest increase in the family housing request will be for family housing leasing; the \$617 million request is an increase, in real terms, of 25 percent from the fiscal year 1990 appropriations. This increase will pay for new foreign leases coming on line. But the increase will be offset by decreases in personnel accounts in many of our overseas areas.

The real property maintenance request, in the operations and maintenance appropriations, totals \$5.7 billion. Although this is a real increase of 9.7 percent over the fiscal year 1990 appropriations, it is a 16 percent real decline from the fiscal year 1987 appropriations. The increase over the fiscal year 1990 appropriations reflects the poor state of our existing facilities and the need to repair a large portion of our inventory, as well as the importance the Department places on protecting the current investment.

The real property maintenance program provides the Department the needed flexibility to respond to the most pressing repair needs first -- to deal with emergencies. Real property maintenance includes building repairs, utility repairs, restoration of pavements and runways, and repairing damage to facilities from natural disasters such as Hurricane Hugo and the San Francisco earthquake. Although the hurricane and earthquake last year are extreme examples, they illustrate the need for flexibility in the real property maintenance program to respond to emergencies. In addition to these type of repairs, the program also includes minor construction projects costing less than \$200,000.

The normal storms, unanticipated power failures, broken water lines, leaky roofs and heating and cooling system failures don't get the headlines of hurricanes and earthquakes, but they are the everyday fact-of-life occurrences that demand the flexibility in this program

to respond to unforeseen situations. In fiscal year 1989, the existing flexibility in the real property maintenance program allowed us to execute the projects listed below. They are all typical examples; not headline grabbers, but real projects that could not wait to be included in a future budget nor for a notification up the chain of command for approval. Leaky insulation in an underground electric cable at a degaussing facility in Pearl Harbor would have threatened the mine warfare capability of a substantial portion of the Pacific Fleet. The total cost of the repairs was \$599,000 and the project had to be executed right away. A chemical contamination and ventilation system failure at a hospital in Germany made both the staff and patients ill. The repairs couldn't wait and cost \$4.5 million. A failure of an electrical substation at Kirtland Air Force Base, New Mexico, left most of the base without power. The project couldn't wait for the next budget, although it cost \$680,000.

We need the flexibility in this program to execute these unforeseen projects. We also need more stability in the funding cycle. The two year budget would help provide that stability. Projects advertised at the end of the year could be awarded at the beginning of the second year of a two year budget cycle if previous year appropriations weren't available. More projects would be executed much more quickly, and the condition of our inventory would be greatly improved. Let me give you an idea of how the program is executed. It consists of about 50 percent recurring requirements, including projects, and 50 percent emergent requirements. When funded at less than 100 percent, the emergencies get taken care of first and recurring work is accomplished with whatever funds remain. Too often, unaccomplished recurring work becomes tomorrow's emergencies.

Our study on real property maintenance highlighted this problem. During the three year period of fiscal years 1985 to 1987, the

Department invested an average of 37 percent on projects and 63 percent on both recurring maintenance and service calls. The year with the highest level of real property maintenance funding, \$5.7 billion in fiscal year 1987, has the highest percentage of projects funded, 39 percent. The lower funding levels in the other two years resulted in lower percentages of project funding, which means that patchwork fixes were made because adequate funding was not available to accomplish major projects.

A typical example of projects in this budget request is the repair to the airfield lighting at Columbus Air Force Base, Mississippi, for \$572,000. This will bring airfield lights up to Federal Aviation Administration and Air Force standards and make it easier to perform maintenance of the system. Other projects run the gamut from electrical system repairs in a building at Fort Lewis, Washington for \$3.5 million to wharf repairs at St. Juliens Creek, Virginia, for \$3.0 million. The projects are needed to keep our facilities operating for the purpose they were intended and to protect the people who work in them.

PRIVATE SECTOR INVESTMENT

The Department has several authorities under which it has been able to acquire facilities and services using private sector capital investment. Although these authorities have limited applicability, and our use of them to date has been generally modest, we do view them as an important complement to our traditional military construction program. Each authority works well under the right circumstances, but no one authority is universally superior to the others.

Our most active private sector authority is the Section 801 Build-to-Lease housing program. We have nearly 9,000 housing units currently under contract with this authority, representing about one third of our total housing construction program over the past five

years. This program works particularly well in moderate cost areas, and produces housing more quickly and less expensively than the military construction alternative.

The Section 802 Rental Guarantee housing authority has great potential for high cost areas where government land is available. We were unable to make this authority work in the past because of statutory restrictions which made such projects hard to finance. We believe the FY-90 Defense Authorization bill fixed the problem areas, though, and we are still pursuing our first Section 802 projects. The authority for this program expires this fiscal year, so we are asking for a year extension in order that we may demonstrate that as restructured, this authority can work very well when properly targeted.

The test of Long Term Facilities contracts, authorized by Section 2809 of Title 10 United States Code, has provided us with three facilities within the past year: child development centers at the Pentagon and Tracy Depot, California; and an administrative facility at the Memphis Naval Air Station. We recently awarded a contract for visiting officer quarters at Newport, Rhode Island, and New London, Connecticut, and have several other projects in various stages of development.

The newly enacted Section 2812 Lease-Purchase authority appears to have good potential for delivering needed facilities more quickly and economically than traditional programming and budgeting would otherwise allow. We are discussing policy issues with OMB in preparation for testing this authority, and have several candidate projects under review. As with our other private sector facility programs, we intend to provide you and the other oversight committees with a review of each proposed project, prior to soliciting proposals.

We have several other private sector investment authorities which

we have used to obtain such things as utility services, refuse disposal, food services, and temporary lodging facilities. Many such contracts are at no cost to the government, and some in fact generate returns to the government. A common-characteristic of all such programs is that, where they can be applied, we acquire facilities and services more quickly and less expensively than otherwise would have been the case. I repeat, however, that the private sector investment approach has limited application, and has never been intended to replace our traditional military construction program, only to complement it. We use our private sector investment authority only when the proposed venture serves the best interests of the government. We request that you permit us to continue with each of these authorities.

HOW DO INVESTMENTS IN FACILITIES PAYBACK?

Facility investments payback in increased defense capability. Modern maintenance facilities can increase the time a weapon system is available for its intended purpose. This, in turn, can decrease the number of weapons required. Providing proper maintenance facilities is often less expensive than paying for a "safety factor" to ensure adequate weapon systems availability. In addition, a system properly maintained in a modern facility often will outperform and outlast a system maintained in an inadequate facility or exposed to the elements.

The consolidated fuel control test facility at Tinker Air Force Base, Oklahoma, included in this year's budget request for \$13.6 million for construction and \$8.0 million for equipment procurement, is a good example of the payback from modern maintenance facilities. This proposed facility would house overhauls and test fuel control assemblies used in front line aircraft. The existing facility is over 40 years old, lacks essential fire protection systems, and prevents

efficient grouping of test items. The utility distribution system is so antiquated that it frequently breaks down, stopping all work in the affected areas. This project will amortize in less than four years by permitting more efficient maintenance and testing of the fuel control assemblies, averaging \$9.2 million in annual savings after construction is complete in fiscal year 1994.

Modern training facilities improve the performance of the trainees and save money. The tank range at Fort Knox, Kentucky, for \$22.6 million, is a good example. This base trains Army and Marine Corps armor leaders and tank crews. The current range is not large enough for combined tank and mechanized infantry training. The new range in this budget will provide realistic training for new tank crews with air and infantry units, and support reserve training as well as active duty forces. The range will be self supporting, containing the maintenance and fuel facilities required to keep the tanks on the range, avoiding towing and transportation costs and wear and tear on base roads. The end result will be more highly trained tank crews for less cost.

The largest return on investment in facilities is the increase in the performance of the people who work in them. Quality facilities help engender pride and help defense people perform at their highest capability. We owe our people the opportunity to do their best, whether they are on the front lines or supply lines. The defense mission demands quality at every level. Quality facilities are a part of that demand. Facility investment is one investment the Department cannot afford not to make.

BASE CLOSURES

The request for funds to effect those base closures and realignments first recommended by the Secretary's Commission on Base Closure, and now mandated by public law, is \$917 million. These funds

will provide some of the facilities that will allow us to move the people and missions. It is important to note that closing a military base does not reduce the value of our plant account very much. For example, closing the 12 major bases as recommended by the Commission will reduce DoD plant replacement value of \$608 billion by only \$6.3 billion, roughly 1 percent.

Secretary Cheney announced proposed candidates for a second round of base closures when he presented the budget for fiscal year 1991. This round of closures was generated by the Military Departments in response to the Secretary's request to evaluate their base structure requirements as they proposed changes in the force structure. It doesn't make good business sense to keep the same number of bases to support a reduced military force. Money spent on bases that aren't required means we don't fund something else that is required.

None of the candidates that the Secretary announced for closure and realignment can be closed before studies are done. In addition, none of the bases can be closed, regardless of the results of the studies, unless the proposed closures and realignments are included in the formal budget presented to the Congress. These existing impediments incur extra costs and delay the implementation of some common sense ideas.

Our legislative proposals include revisions to the existing base closure provisions of section 2687 of title 10, United States Code. These changes will make it easier to restructure our bases by incorporating many of the provisions of the Defense Authorization Amendments and Base Closure and Realignment Act of 1988, which the Congress overwhelmingly supported. The changes include the ability for the Secretary to notify the Congress of proposed action at any time, not just with the presentation of the budget, and will eliminate some of the study requirements with regard to closing a base. The proposal would also permanently establish the Base Closure Account to

make funding of the necessary actions more responsive to the needs of the people and communities affected by such actions.

OVERSEAS CONSTRUCTION

Under 15 percent of our request for specified construction will be invested outside the United States, the lowest percentage we have requested in the last decade. Including the NATO Infrastructure request of \$420 million, the construction requested at all overseas locations is \$1.1 billion, down from the fiscal year 1990 request of \$1.6 billion (but more than the \$1 billion appropriated). The fiscal year 1991 request for overseas construction is the lowest request of the last decade.

The projects that make up this request are at locations where we would anticipate staying regardless of force structure reductions. In addition to construction at Vilseck, Germany to support an armor battalion for \$15.6 million, the request includes 134 new family housing units at Guantanamo Bay, Cuba, \$18.4 million; 112 new family housing units at Keflavik, Iceland, \$27.5 million; forward operating locations for \$18.3 million in Canada, which we fund on a 50-50 cost sharing with the Canadians; and a \$28.0 million hospital at Vicenza, Italy. The Vicenza hospital is one of the highest construction priorities of the Commander-in-Chief Europe. The working and living conditions overseas are very important to the people we have stationed there. We cannot abandon them and should invest where we will remain.

The largest share of our overseas request is the NATO Infrastructure program at \$420.4 million. This is the United States' share, 28 percent, of the overall NATO Infrastructure program. Although the United States contribution is 28 percent, about 45-50 percent of the program directly supports United States forces assigned to NATO. The program provides most of the United States wartime-required operational facilities and theater-wide command and

control systems. It is also the source of funds to relocate the 401st Tactical Fighter Wing from Torrejon, Spain.

WHY INVEST IN DEFENSE FACILITIES?

People ask why we continue to invest in defense facilities when political changes throughout the world have altered dramatically the nature of the military threat and reduced the probability of major conventional hostilities. As the Defense Department adapts to these changes, we reevaluate the base structure to retain the flexibility to provide the best support for the new mission. But, even as the base structure shrinks, we must continue to invest in that which remains.

I want to emphasize, that whatever the nature of the changes in the world, there will still be missions for the Department; there will still be a requirement for the base structure to support those missions; and we will still need the money to support that base structure.

The first reason we need to continue to invest in defense facilities is, as a whole, they aren't nearly in the condition we'd like them to be. Historically, the Department's rate of investment in its facilities has lagged well behind both the private sector and the decaying public infrastructure.

Our most recent study shows that a prudent rate of facility investment is around nine percent of plant replacement value. Good companies invest that amount in their facilities. They have to if they wish to stay competitive. That investment helps the best companies attract and keep the best people; and it helps these people do their best work.

The investment in the public infrastructure is about 4.5 percent of replacement value. Almost everyone is painfully aware of the poor state of the public infrastructure - all you have to do is use the public highway system, read about the unsafe bridges, or get caught in

the overcrowded airports that serve our country. Many major publications are highlighting the need for increasing investment to maintain the infrastructure we have.

The National Council on Public Works Improvement, in its report to the President and the Congress, called for the investment in the public infrastructure to be doubled by the end of the century, bringing the investment up to that of private industry. The Council found that the 4.5 percent investment level left the public infrastructure "barely adequate to fulfill current requirements, and insufficient to meet the demands of future economic growth and development."

For fiscal year 1991, we are proposing to invest, from all sources, only about 2.7 percent of our \$608 billion plant replacement value. That's about the same rate as fiscal year 1990. We're going to reduce the base structure, but it is going to have to come down a long way to make the present investment level adequate. A 40 percent reduction will get us to the same 4.5 percent level of effort as the decaying public infrastructure.

Military bases are small cities, with the same types of utility systems, homes and industrial facilities. Just as facility investment is vital for industry to remain competitive, and vital to the public infrastructure we take for granted, facility investment is vital to accomplishing the defense mission.

The second reason we need to continue to invest in our facilities is that the smaller force structure and changing defense missions mean we must get the most and best production from our people. We want to retain the highest caliber people as force levels draw down, and have the working and living environment that lets them do their best work; as the best companies know, excellent facilities help them do just that. If our forces are smaller, they must be more efficient; and the

proper facilities help.

A fine example of how facilities help our people become more efficient is the provision of child care centers. While these centers are not directly in support of military operations, they support Defense people by relieving them of the concern of how to take care of their kids while they are on the job. That helps these parents devote their full attention to the performance of the job. We have eight child care facilities in the fiscal year 1991 program for \$14.1 million. Between fiscal year 1987 and 1990, we provided 87 such facilities for a total of \$171.1 million.

In his annual report, Secretary Cheney stated "our highest commitment must be to continue to attract, train and retain talented, dedicated people to serve in the armed forces." High quality working and living conditions go a long way toward helping us meet that commitment.

The third reason for continued facility investment is that it helps us get rid of inefficient and uneconomical facilities; and thereby reduce costs for operations that waste energy, maintenance money, and people's talents. We need to modernize and protect our large plant account and not let our facilities fall into a state of disrepair. Dilapidated facilities are costly and jeopardize the performance of the defense mission.

Facility investment is necessary to keep up with technological changes that occur in the weapon systems upon which we depend. Our continued reliance on high tech weapons means we must have the facilities to maintain them correctly and test them periodically to ensure they perform as intended. Also, we must have the quality base structure to increase our defense efforts if the global political climate changes.

CONSTRUCTION MORATORIUM

Secretary Cheney placed a moratorium on the award of all new

construction contracts so the Department can reevaluate its defense mission and required base structure in light of ongoing political changes, potential base closures and realignments, weapons systems being studied, and other Department initiatives. This gave time for senior commanders to consider their proposed investments for facilities in terms of future threats and force levels.

The Services and Agencies have reviewed their construction plans. The review covered all unobligated construction for fiscal year 1990 and prior years as well as projects in this budget proposal and long range plans. We will not execute any projects unless these various reviews reconfirm their priority.

CONCLUSION

Mr. Chairman, I would like to thank the subcommittee for its past support. Your committee report from last year highlighted the need for investment in the Department's facilities. Your positive interest in facility investment provides important support during the budget formulation process. This year's request for military construction, family housing, and base closure and realignment is 3.1 percent of the DoD budget, up from 2.7% in fiscal year 1990. The large majority of our request for specified construction will be invested in bases in the United States, at 85 percent it is the highest percentage we have requested in the last decade.

The changing global threats to American interests offer a great opportunity for us to concentrate on defense facilities -- to invest in facilities at core installations. The investment will yield a return in the form of higher productivity, better economy of operations and increased efficiency to properly support a smaller force structure.

This request, including the legislative proposals, is an important step in that direction. I urge your continued support of our program.

STATEMENT OF: MAJOR GENERAL JOSEPH A. AHEARN
Director of Engineering and Services
Headquarters United States Air Force

SUBJECT: FISCAL YEAR 1991 MILITARY CONSTRUCTION
PROGRAM

INTRODUCTION

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM MAJOR GENERAL AHEARN, DIRECTOR OF ENGINEERING AND SERVICES, HEADQUARTERS UNITED STATES AIR FORCE. I AM PLEASED TO AGAIN HAVE THE OPPORTUNITY TO TESTIFY BEFORE YOUR COMMITTEE TO PRESENT THE AIR FORCE'S MILITARY CONSTRUCTION REQUEST FOR FISCAL YEAR 1991.

OVERVIEW

I WOULD LIKE TO THANK THE COMMITTEE FOR ITS CONTINUING SUPPORT OF THE AIR FORCE'S MILITARY CONSTRUCTION PROGRAMS. THESE ARE EXCITING TIMES FOR US IN THE AIR FORCE MILCON BUSINESS AS WE PRESS FORWARD WITH A PROGRAM DESIGNED TO SUPPORT NATIONAL PRIORITIES AND PROGRAMS, MAINTAIN A BALANCE OF NEW WEAPON SYSTEM AND PEOPLE SUPPORT PROJECTS, AND CONTINUE OUR EFFORTS TO PROTECT THE ENVIRONMENT WHILE INCORPORATING FISCAL YEAR 1990 CONGRESSIONAL DIRECTION AND EMPHASIS.

WE ARE SENSITIVE TO THE NEED TO TRIM BUDGET REQUESTS AND OUR FISCAL YEAR 1991 AUTHORIZATION REQUEST IS REDUCED IN COMPARISON TO PRIOR YEARS. OUR AUTHORIZATION REQUEST FOR MILCON AND FAMILY HOUSING IS \$2.336 BILLION IN FISCAL YEAR 1991. OUR FISCAL YEAR 1991 REQUEST AS SUBMITTED TO YOU REPRESENTS A \$65.3 MILLION REDUCTION FROM OUR FISCAL YEAR 1990 REQUEST. THE MILCON REQUEST INCLUDES \$1.364 BILLION AND THE FAMILY HOUSING ELEMENT REPRESENTS \$971.9 MILLION.

THE MILITARY FAMILY HOUSING AUTHORIZATION REQUEST FOR 1991 IS \$51 MILLION LESS THAN THE CORRESPONDING FISCAL YEAR 1990 AUTHORIZATION REQUEST. THE SECOND SEGMENT, WHICH WE CALL THE MILCON PORTION OF OUR FISCAL YEAR 1991 AUTHORIZATION REQUEST, IS \$21.3 MILLION LESS THAN THE FISCAL YEAR 1990 AUTHORIZATION REQUEST.

ONCE AGAIN, OUR MILITARY CONSTRUCTION SUBMITTAL CONTAINS TWO MAJOR SEGMENTS. THE FIRST SEGMENT ADDRESSES OUR MILITARY FAMILY HOUSING PROGRAM. THE SECOND SEGMENT OF OUR SUBMITTAL CONCERNS CONSTRUCTION FOR NEW AIRCRAFT, MISSILE, COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE (C3I), AND SPACE SYSTEMS AS WELL AS FOR REVITALIZING OUR INFRASTRUCTURE AND EXISTING FACILITIES.

OUR MILCON PROGRAM FOR FISCAL YEAR 1991 HAS SEVERAL OBJECTIVES. THESE INCLUDE SUPPORTING DEFENSE AND AIR FORCE PRIORITIES AND PROGRAMS, CREATING A BALANCED PROGRAM AND INCORPORATING PRIOR YEAR CONGRESSIONAL EMPHASIS AND DIRECTION. OUR DEFENSE AND AIR FORCE PRIORITIES FOCUS ON PERSONNEL AND QUALITY OF LIFE NEEDS, READINESS ENHANCEMENTS, STRATEGIC FORCE MODERNIZATION, CONVENTIONAL FORCE RESTRUCTURING, ENVIRONMENTAL PROTECTION AND EFFORTS TO MAINTAIN OUR PRODUCTION RATES AND TECHNOLOGY BASE. WE ALSO STRONGLY SUPPORT SECRETARY OF DEFENSE CHENEY'S LEGISLATIVE INITIATIVE TO STREAMLINE THE BASE CLOSURE PROCESS AS MEANS TO REALIZE SAVINGS PROMPTLY. WE HAVE BUILT A BALANCED PROGRAM, CONCENTRATING ON AN EFFECTIVE BLEND OF NEW AND CURRENT MISSION MILCON REQUIREMENTS. LASTLY, WE ARE FOLLOWING THE PRIOR YEAR CONGRESSIONAL DIRECTION AND EMPHASIS ON BURDENSARING AND HAVE SUBSTANTIALLY REDUCED OUR OVERSEAS MILCON REQUEST FOR FISCAL YEAR 1991. WE HAVE CAREFULLY SCREENED OUR OVERSEAS CONSTRUCTION PROJECTS TO BE SURE THEY SUPPORT REQUIREMENTS THAT WILL SURVIVE THIS PERIOD OF GREAT CHANGE AND THAT THE PROJECTS ARE LOCATED ON BASES WE ARE CONFIDENT WILL BE IN OUR LONG-TERM BASE STRUCTURE.

I WILL NOW BRIEFLY DISCUSS THE AIR FORCE'S FISCAL YEAR 1991 MILCON PROGRAM. I WILL ADDRESS THE MILITARY FAMILY HOUSING PROGRAM FIRST, FOLLOWED BY THE NEW MISSION AND CURRENT MISSION MILCON, SEVERAL SPECIAL PROGRAMS AND FINALLY, A FEW WORDS ON THE REAL PROPERTY MAINTENANCE PROGRAM.

MILITARY FAMILY HOUSING

AS IN YEARS PAST, THE AIR FORCE LEADERSHIP CONSIDERS MILITARY FAMILY HOUSING ITS MOST IMPORTANT FACILITY PROGRAM. WE ARE CONVINCED THAT NO OTHER FACILITY EFFORT INFLUENCES THE PERFORMANCE AND COMMITMENT OF OUR PEOPLE AS HAVING A QUALITY HOME FOR THEIR FAMILIES. WE APPRECIATE THE CONGRESS' SUPPORT OF OUR FAMILY HOUSING PROGRAM AS WE STRIVE TOGETHER TO TAKE CARE OF THE "LINE OF THE AIR FORCE" BY PROVIDING QUALITY HOMES FOR A QUALITY FORCE.

THE AIR FORCE'S FISCAL YEAR 1991 REQUEST REPRESENTS A BALANCE BETWEEN MANAGING, MAINTAINING AND IMPROVING OUR HOUSING ASSETS. THE REVITALIZATION OF OUR EXISTING HOUSING UNITS IS OUR PRIMARY FOCUS. OUR FISCAL YEAR 1991 REQUEST FOR REVITALIZATION IS \$173.6 MILLION. THIS REPRESENTS A DECREASE IN REAL BUYING POWER OF 3.9% COMPARED TO LAST YEAR'S BUDGET. AT THIS RATE, IT WILL TAKE 25 YEARS TO COMPLETE OUR REVITALIZATION EFFORT. TO HELP IMPROVE THIS SITUATION, WE CONTINUE TO EXPLORE PRIVATE SECTOR FINANCING ALTERNATIVES THAT COULD BE USED TO SUPPLEMENT THIS EFFORT AND SIGNIFICANTLY REDUCE THE BUYOUT PERIOD. UNFORTUNATELY, TO DATE, WE HAVE BEEN UNABLE TO IDENTIFY A PROPOSAL THAT IS BOTH ECONOMICALLY ATTRACTIVE AND CONSISTENT WITH ESTABLISHED BUDGETING PROCEDURES. HOWEVER, WE ARE CONTINUING OUR EFFORTS TO COMPLETE THE REVITALIZATION OF OUR HOUSING COMMUNITIES. THE CONTINUING SUPPORT BY THIS COMMITTEE OF THIS HIGHEST PRIORITY AIR FORCE CONSTRUCTION PROGRAM IS GREATLY APPRECIATED.

OUR \$3.0 MILLION NEW CONSTRUCTION PROGRAM CONTINUES TO FOCUS ON THE REPLACEMENT OF OUTDATED AND UNSUITABLE FAMILY HOUSING SUPPORT FACILITIES.

YOU WILL NOTE OUR FAMILY HOUSING CONSTRUCTION PROGRAM INCLUDES SOME PROJECTS AT BASES THAT HAVE BEEN ANNOUNCED TO BE STUDIED FOR POSSIBLE CLOSURE. WE DID NOT WITHDRAW THESE PROJECTS FROM THE PROGRAM BECAUSE OF THE TIMING OF THE CLOSURE ANNOUNCEMENT.

IN THE LEASING CATEGORY, WE HAVE SUCCESSFULLY COMPLETED 1063 OF THE 5800 AUTHORIZED SECTION 801 BUILD-LEASE UNITS AT FIVE BASES. WE HAVE ANOTHER 1328 UNITS AWARDED FOR CONSTRUCTION, 2070 UNITS IN THE PLANNING AND PROPOSAL STAGES, WITH ANOTHER 1339 BEING STUDIED FOR FUTURE PROGRAMS. OUR FISCAL YEAR 1991 BUDGET SEEKS FUNDS FOR 1853 OF THESE UNITS. IN ADDITION, WE ARE AGGRESSIVELY PURSUING A NEW APPROACH TO USE THE SECTION 802 AUTHORITY TO REVITALIZE EXISTING AIR FORCE FAMILY HOUSES. THE FIRST PROJECT BEING CONSIDERED BY THE AIR FORCE FOR CONSTRUCTION IS REVITALIZATION OF 585 UNITS AND CONSTRUCTION OF 50 E1-3 UNITS AT MCCONNELL AIR FORCE BASE, KANSAS. ANOTHER 947 UNITS ARE BEING CONSIDERED FOR REVITALIZATION UNDER THIS PROGRAM.

THE FAMILY HOUSING OPERATIONS AND MAINTENANCE REQUEST FOR FISCAL YEAR 1991 IS \$789.3 MILLION. THIS FUNDING LEVEL PROVIDES FOR THE QUANTITY OF REPAIR WORK GENERATED EACH YEAR. THIS YEAR AND FOR THE PERIOD OF THE EIGHTIES, WE HAVE NOT HAD SUFFICIENT MAINTENANCE FUNDS TO REDUCE OUR BILLION-DOLLAR BACKLOG.

NEW MISSION MILCON

WE CONTINUE TO SEPARATE OUR MILCON PROGRAM INTO TWO ELEMENTS CALLED NEW AND CURRENT MISSION. THE NEW MISSION PORTION OF THE REQUEST SUPPORTS DEPLOYMENT OF NEW WEAPON

SYSTEMS, FORCE STRUCTURE CHANGES AND READINESS ENHANCEMENTS. THIS SEGMENT BUILDS OUR WARFIGHTING EDGE. NEW MISSION MILCON PROJECTS CONSTITUTE 60 PERCENT OF THE FISCAL YEAR 1991 MILITARY CONSTRUCTION REQUEST AT \$819 MILLION. THIS REPRESENTS A \$47 MILLION REDUCTION COMPARED TO THE FISCAL YEAR 1990 AUTHORIZATION REQUEST.

THIS YEAR'S NEW MISSION MILCON REQUEST INCLUDES FACILITY PROJECTS TO CONTINUE BEDDOWN OF THE B-2 BOMBER, DEPLOYMENT OF THE PEACEKEEPER - RAIL GARRISON AND CONTINUATION OF FACILITY CONSTRUCTION TO SUPPORT THE C-17 AIRCRAFT. ADDITIONALLY, AUTHORIZATION IS SOUGHT TO BEGIN CONSTRUCTION FOR THE TITAN IV COMPLEX AT VANDENBERG AIR FORCE BASE, CALIFORNIA.

B-2 BOMBER

OUR CONSTRUCTION OF THE INITIAL B-2 DEPLOYMENT TO WHITEMAN AIR FORCE BASE, MISSOURI BEGAN WITH THE FISCAL YEAR 1988 MILCON PROGRAM AND CONTINUES WITH OUR FISCAL YEAR 1991 REQUEST. FOLLOW-ON LOCATIONS WILL BE ANNOUNCED IN CONJUNCTION WITH THE SUBMISSION OF THE PRESIDENT'S BUDGET CONTAINING THE FIRST YEAR OF MILCON FOR EACH OF THESE LOCATIONS. DEPOT MAINTENANCE FOR THE B-2 BOMBER WILL BE PERFORMED AT TINKER AIR FORCE BASE, OKLAHOMA.

CONGRESS HAS SUPPORTED \$89.3 MILLION IN FISCAL YEAR 1988, \$59.5 MILLION IN FISCAL YEAR 1989 AND \$65.5 MILLION FOR B-2 FACILITIES AT WHITEMAN AIR FORCE BASE AND \$31.8 MILLION FOR FACILITIES AT TINKER AIR FORCE BASE IN FISCAL YEAR 1990. FOR FISCAL YEAR 1991, OUR REQUEST IS \$117.1 MILLION. THIS INCLUDES \$95.7 MILLION FOR WHITEMAN AIR FORCE BASE AND \$21.4 MILLION FOR TINKER AIR FORCE BASE.

PEACEKEEPER - RAIL GARRISON

OUR FISCAL YEAR 1991 AUTHORIZATION REQUEST CONTINUES TO SUPPORT THE PRESIDENT'S DECISION TO DEPLOY THE PEACEKEEPER - RAIL GARRISON WEAPON SYSTEM.

CONGRESS APPROPRIATED \$104.85 MILLION IN FISCAL YEAR 1990 FOR CONSTRUCTION AT F.E. WARREN AIR FORCE BASE, WYOMING. F.E. WARREN AIR FORCE BASE HAS BEEN DESIGNATED AS THE FIRST RAIL GARRISON MAIN OPERATING BASE.

THE FISCAL YEAR 1991 REQUEST INCLUDES \$254.32 MILLION FOR CONSTRUCTION AT F.E. WARREN AIR FORCE BASE, WYOMING, BARKSDALE AIR FORCE BASE, LOUISIANA, GRAND FORKS AIR FORCE BASE, NORTH DAKOTA AND FAIRCHILD AIR FORCE BASE, WASHINGTON AND DEPOT FACILITIES AT HILL AIR FORCE BASE, UTAH AND NEWARK AIR FORCE STATION, OHIO.

C-17 AIRCRAFT

OUR FISCAL YEAR 1991 REQUEST OF \$29.64 MILLION PROVIDES FACILITIES AT CHARLESTON AIR FORCE BASE, SOUTH CAROLINA AND ALTUS AIR FORCE BASE, OKLAHOMA TO SUPPORT THE C-17 PROGRAM TO MODERNIZE AND ENHANCE THE AIR FORCE'S STRATEGIC AND TACTICAL AIRLIFT CAPABILITIES. SPECIFICALLY, THE REQUEST INCLUDES TWO PROJECTS FOR \$8.74 MILLION AT CHARLESTON AIR FORCE BASE AND \$20.9 MILLION FOR THREE PROJECTS AT ALTUS AIR FORCE BASE.

CONGRESS SUPPORTED \$7.3 MILLION IN FISCAL YEAR 1989 AND \$4.65 MILLION IN FISCAL YEAR 1990 TO SUPPORT FACILITY CONSTRUCTION AT CHARLESTON AND ALTUS AIR FORCE BASES.

TITAN IV TEST FACILITIES

THE AIR FORCE IS REQUESTING \$19.2 MILLION IN FISCAL YEAR

1991 TO BEGIN THE TITAN IV LAUNCH FACILITY COMPLEX AT VANDENBERG AIR FORCE BASE, CALIFORNIA. THE TITAN IV LAUNCH VEHICLE PROVIDES A CAPABILITY TO PLACE OUR SCHEDULED HEAVY PAYLOADS INTO ORBIT.

THE AIR FORCE IS ALSO REQUESTING \$10 MILLION IN FISCAL YEAR 1991 TO PURCHASE LAND OPTIONS FOR ACQUISITION OF REALTY INTERESTS SOUTH OF VANDENBERG AIR FORCE BASE TO MEET LAUNCH SAFETY REQUIREMENTS. THE METHOD OF ACQUISITION, WHETHER IN FEE OR RESTRICTIVE EASEMENTS, IS CURRENTLY UNDER STUDY. THE LAND WILL BE PURCHASED IN FISCAL YEAR 1992 AND THE EASEMENTS ACQUIRED IN FISCAL YEARS 1993 AND 1994.

401ST TACTICAL FIGHTER WING RELOCATION

OUR FISCAL YEAR 1991 AUTHORIZATION REQUEST DOES NOT CONTAIN ANY MILCON TO SUPPORT THE RELOCATION OF THE 401ST TACTICAL FIGHTER WING FROM TORREJON AIR BASE, SPAIN TO CROTONE AIR BASE, ITALY.

CURRENTLY, NATO AND THE ITALIAN GOVERNMENT ARE MOVING FORWARD ON THE PLANNING AND DESIGN OF CROTONE. WE ARE WORKING WITH NATO AND THE ITALIANS TO STAY BELOW THE \$360 MILLION EXPENDITURE CAP IMPOSED BY THE CONGRESS. IN COMPLIANCE WITH THE CONFERENCE REPORT LANGUAGE, WE ARE NOT SCALING BACK THE SCOPE OF FACILITIES OR REDUCING THE QUALITY OF THE PROJECT TO MEET THIS EXPENDITURE CAP. OUR CURRENT COST ESTIMATES FROM REFINED RELOCATION PLANS ARE WITHIN THE \$360 MILLION EXPENDITURE CAP.

CURRENT MISSION MILCON

THIS SEGMENT OF THE OUR MILCON PROGRAM IS CALLED CURRENT MISSION AND IS DEDICATED TO REVITALIZING OUR PHYSICAL PLANT. WE CONSIDER THE CURRENT MISSION PROGRAM TO BE OUR "BREAD-AND-BUTTER" BECAUSE IT SATISFIES OUR BASIC NEED TO CARE

FOR OUR PEOPLE, OUR INFRASTRUCTURE AND OUR ENVIRONMENTAL QUALITY.

WE APPRECIATE THE SUPPORT CONGRESS HAS PROVIDED OVER THE YEARS, TO PROVIDE THE FACILITIES NEEDED TO CARE FOR AND RETAIN A HIGHLY-TRAINED AND MOTIVATED WARFIGHTING AEROSPACE FORCE. FACILITIES WHICH PROMOTE THE PRODUCTIVITY OF OUR PEOPLE, WHICH ARE ECONOMICAL TO OPERATE AND MAINTAIN, AND EXIST IN A SAFE AND CLEAN ENVIRONMENT PROMOTE THE RETENTION OF AN EXPERIENCED, PRODUCTIVE AND HIGHLY-MOTIVATED CAREER FORCE, (THEREBY REDUCING OUR COSTS FOR RECRUITING AND TRAINING), MAKE SENSE AT THE "BOTTOM-LINE".

OUR FISCAL YEAR 1991 CURRENT MISSION AUTHORIZATION REQUEST TOTALS \$545 MILLION AND WHILE THIS REQUEST IS ONE OF THE LOWEST IN RECENT YEARS, IT DOES NOT DIMINISH OUR COMMITMENT TO REVITALIZING OUR FACILITY INFRASTRUCTURE. RATHER IT IS A RECOGNITION OF BUDGET REALITIES.

WE REMAIN SENSITIVE TO THE NEED FOR A BALANCED MILCON PROGRAM SUPPORTING BOTH THE NEW AND CURRENT MISSIONS PROGRAMS. AS FORCE STRUCTURE AND NEW WEAPON SYSTEM BEDDOWNS STABILIZE IN THE FUTURE, WE WILL AGAIN BE LOOKING TOWARD INCREASING OUR CURRENT MISSION LINE. IT IS IMPERATIVE WE SUSTAIN OUR EFFORTS TO TURN THE CORNER ON OUR CURRENT 200 YEAR-PLUS FACILITY REVITALIZATION RATE.

LET ME ADDRESS OUR CONTINUING EFFORTS ON TWO VERY IMPORTANT REVITALIZATION INITIATIVES AT LACKLAND AIR FORCE BASE, TEXAS AND SHEMYA AIR FORCE BASE, ALASKA AND CONCLUDE WITH A FEW WORDS ON OUR PROGRAM INVESTMENTS IN THE OVERSEAS MILCON PROGRAM.

LACKLAND AIR FORCE BASE, TEXAS

OUR FISCAL YEAR 1991 AUTHORIZATION REQUEST INCLUDES FUNDING FOR THE SECOND YEAR OF OUR FIVE-YEAR PROGRAM TO

REVITALIZE LACKLAND AIR FORCE BASE. THE PROGRAM FOCUSES ON SOLVING INFRASTRUCTURE PROBLEMS AND REPLACING WORLD WAR II BUILDINGS CLUTTERING THE BASE THAT REPRESENTS THE "GATEWAY TO THE AIR FORCE".

FOR FISCAL YEAR 1990, THE AIR FORCE REQUESTED AND RECEIVED APPROVAL FOR THE INITIAL FUNDING YEAR OF \$19.5 MILLION. FOR FISCAL YEAR 1991, THE AIR FORCE IS REQUESTING \$22.5 MILLION FOR A DINING FACILITY, FIRE STATION, BASE ENGINEER COMPLEX, BASE ROADS AND AN UPGRADE TO THE BASE SEWER SYSTEM.

SHEMYA AIR FORCE BASE, ALASKA

THE AIR FORCE IS REQUESTING \$47.4 MILLION IN CONSTRUCTION PROJECTS FOR FISCAL YEAR 1991 TO SUSTAIN OUR ON-GOING REVITALIZATION OF SHEMYA AIR FORCE BASE, ALASKA. THIS REQUEST IS FOR A DORMITORY ALTERATION, BASE ROADS UPGRADE, RENOVATION TO KEY BASE SUPPORT FACILITIES AND UTILITY SYSTEMS AND A NEW VEHICLE MAINTENANCE FACILITY.

OVERSEAS MILCON

THE AIR FORCE CONTINUES TO HAVE FACILITY REQUIREMENTS OVERSEAS BOTH IN TERMS OF THE NEW MISSION MILCON AND FACILITY REVITALIZATION UNDER THE CURRENT MISSION PROGRAM.

IN DECIDING ON MILCON PROJECTS IN EUROPE, THE AIR FORCE CAREFULLY CONSIDERED FUTURE IMPACTS OF FORCE STRUCTURE REDUCTIONS WHICH COULD RESULT FROM THE ON-GOING CFE TALKS. IN ADDITION, WE CONSIDERED EVEN GREATER FORCE REDUCTIONS THAT COULD RESULT FROM FUTURE NEGOTIATIONS AND CONSTRAINED OUR PROGRAM TO PROJECTS AT INSTALLATIONS THAT WE ARE CONFIDENT WILL REMAIN IN OUR LONG-TERM BASE STRUCTURE.

IN THE PACIFIC, WITH THE EXCEPTION OF A CONTROL TOWER CAB PROJECT AT CLARK AIR FORCE BASE, OUR PROGRAM SUPPORTS MILCON FOR THOSE INSTALLATIONS LOCATED IN COUNTRIES THAT ARE NOT

PRESENTLY UNDERGOING SENSITIVE BASE RIGHTS NEGOTIATIONS. THE PROGRAM FULLY SUPPORTS THE STRATEGY REAFFIRMED BY SECRETARY OF DEFENSE CHENEY DURING HIS RECENT TRIP TO THE PACIFIC AREA WHICH CALLS FOR MAINTAINING A CREDIBLE U.S. MILITARY PRESENCE.

IN FACT, OUR FISCAL YEAR 1991 OVERSEAS MILCON AUTHORIZATION REQUEST OF \$184.1 MILLION IS \$166.7 MILLION LESS THAN REQUESTED IN FISCAL YEAR 1990, AND IS THE LOWEST SUBMITTED IN RECENT YEARS. IT IS A BALANCED PROGRAM WITH \$104 MILLION IN NEW MISSION REQUIREMENTS AND \$80 MILLION IN HARD CORE CURRENT MISSION NEEDS. THIS PROGRAM REPRESENTS 14 PERCENT OF THE FISCAL YEAR 1991 AUTHORIZATION REQUEST.

REAL PROPERTY MAINTENANCE

RESPONSIBLE STEWARDSHIP OF THE EXISTING AIR FORCE PHYSICAL PLANT IS ONE OF OUR MOST IMPORTANT RESPONSIBILITIES. OUR OBJECTIVE IS TO MAKE THE MOST EFFECTIVE AND EFFICIENT USE OF OUR EXISTING FACILITIES TO SUPPORT BOTH CURRENT MISSION AND NEW MISSIONS AND TO MANAGE THOSE FACILITIES IN THE MOST ECONOMICAL MANNER.

OUR TOTAL EFFORT FOR MANAGING EXISTING AIR FORCE FACILITIES COMPRISES TWO PROGRAMS: THE CURRENT MISSION MILCON PROGRAM AND THE REAL PROPERTY MAINTENANCE PROGRAM. THE CURRENT MISSION PORTION OF OUR MILCON PROGRAM IS DIRECTED AT MAKING THE CAPITAL IMPROVEMENTS NECESSARY TO REVITALIZE OUR EXISTING FACILITIES. THOSE REVITALIZATION IMPROVEMENTS INCLUDE REPLACING FACILITIES WHICH ARE WORN OUT AND EXPENSIVE TO OPERATE AND MAINTAIN AND BRING OLDER FACILITIES WHICH HAVE NOT EXCEEDED THEIR ECONOMIC LIFE UP TO CURRENT STANDARDS.

OUR REAL PROPERTY MAINTENANCE PROGRAM, FUNDED BY THE O&M APPROPRIATION, COMPLEMENTS THE CURRENT MISSION MILCON INVESTMENT BY PROVIDING US WITH THE RESOURCES REQUIRED TO

MAINTAIN AND REPAIR IN A TIMELY MANNER OUR EXISTING FACILITIES, SO AS TO EXTEND THEIR ECONOMIC LIFE. WE ARE CONVINCED THAT INVESTING IN THE REAL PROPERTY MAINTENANCE PROGRAM IS A SOUND BUSINESS DECISION, AS TIMELY MAINTENANCE AND REPAIR WORK TO EXTEND THE USEFUL LIFE OF OUR FACILITIES FORSTALLS THE NEED TO REPLACE THOSE FACILITIES THROUGH THE CURRENT MISSION MILCON PROGRAM, NORMALLY AT A MUCH GREATER COST. IN THAT REGARD, WE ARE NO DIFFERENT THAN ANY PRUDENT HOMEOWNER WHO INVESTS IN NECESSARY MAINTENANCE AND REPAIR WORK IN A TIMELY FASHION TO MAINTAIN THE VALUE OF HIS HOME AND EXTEND ITS USEFUL LIFE.

WE WANT TO EMPHASIZE THAT WE ARE VERY SENSITIVE TO THE CRITICISM THE SERVICES HAVE RECEIVED REGARDING FUNDING, THROUGH THIS O&M APPROPRIATION, OF WHAT SOME PERCEIVE TO BE MILCON REQUIREMENTS. I WANT TO ASSURE THE COMMITTEE THAT THE AIR FORCE UNDERSTANDS THE CONGRESS' CONCERNS ABOUT THE APPROPRIATE USE OF THESE RESPECTIVE AUTHORITIES AND THAT WE HAVE RECENTLY IMPLEMENTED REVISED POLICY AND GUIDANCE TO ASSURE THAT FIELD COMMANDERS RESPECT THE DIFFERENCES IN THESE AUTHORITIES.

AIR NATIONAL GUARD AND AIR FORCE RESERVE MILCON PROGRAMS

THE RESERVE COMPONENTS OF THE AIR FORCE - THE AIR NATIONAL GUARD AND AIR FORCE RESERVE - ARE VITAL AND INTEGRAL PARTS OF THE TOTAL FORCE STRUCTURE. THE FISCAL YEAR 1991 MILCON REQUEST FOR THE AIR NATIONAL GUARD IS \$66.5M, AND FOR THE AIR FORCE RESERVE \$37.7M. THESE REQUESTS REFLECT ESSENTIAL FACILITY NEEDS TO SUPPORT URGENT READINESS AND WARFIGHTING REQUIREMENTS OF THE RESERVE COMPONENTS. WE ASK THE COMMITTEE TO CONTINUE TO SUPPORT THESE CRITICAL AIR NATIONAL GUARD AND AIR FORCE RESERVE MILCON REQUIREMENTS AS PART OF ITS TRADITIONAL COMMITTEMENT TO THE TOTAL FORCE CONCEPT.

CONCLUSION

MR CHAIRMAN, OUR FISCAL YEAR 1991 REQUEST SUPPORTS FACILITY PROJECTS FOR THE MOST POWERFUL AEROSPACE FORCE IN THE WORLD. WE APPRECIATE THE SUPPORT OF YOUR SUBCOMMITTEE AND CONGRESS AS, TOGETHER, WE PROTECT AND ENHANCE THE INTERESTS OF THE UNITED STATES THROUGHOUT THE WORLD.

I AM HONORED TO BE ABLE TO APPEAR BEFORE YOUR COMMITTEE TODAY AND TO REPRESENT THE UNITED STATES AIR FORCE. I AM PREPARED TO ANSWER YOUR QUESTIONS.

STATEMENT BY

MAJOR GENERAL PETER J. OFFRINGA

ASSISTANT CHIEF OF ENGINEERS

DEPARTMENT OF THE ARMY

Mr. Chairman and Members of the Subcommittee. I am Major General Peter J. Offringa, Assistant Chief of Engineers, Office of the Chief of Engineers, Department of the Army.

I am pleased to return this year to present the Army's portion of the Military Construction Authorization Request for fiscal year 1991 for the Active Army, Army Reserve and Army National Guard. In addition, I will address the Real Property Maintenance Activities portion of the Operation and Maintenance, Army appropriation. Our program will provide adequate facilities for today's Army to carry out its worldwide defense mission. The program presented requests authorization of appropriation in fiscal year 1991 for Military Construction, Army of \$774,900,000, for Army National Guard of \$66,400,000, for Army Reserve of \$59,300,000, for Army Family Housing of \$1,554,450,000 and for Homeowners Assistance Program of \$5,300,000.

This budget represents a substantial reduction from prior year requests due to the fiscal constraints that we are jointly experiencing and reflects the responsiveness to changing world and domestic conditions. However, it will sustain some of the efforts started in prior years to improve the operational readiness of the Army and protect some of the essential sustainability requirements. At the same time, this program will provide some of the quality of life improvements necessary to attract and retain dedicated individuals to service in the Army thus attempting to minimize the turbulence in recent force structure actions. The budget presented here meets only the highest priority requirements of both the Army Reserve and Army National Guard due to constrained resources. I would now like to discuss each of the several components of this budget.

MILITARY CONSTRUCTION, ARMY

The fiscal year 1991 budget for the Active Army component represents our efforts to develop a logical, executable program that will present a stable environment for more efficient operations. This year the Army's budget emphasizes maintaining the readiness of the existing force and ensure that the existing force's sustainability is protected while continuing to provide some modernization, investment and quality of life resources. We were guided by the need to maintain quality soldiers to fulfill the diverse world-wide commitments with a smaller Army worldwide and by the need to provide them with tough, realistic training and competent leaders to carry out the Army's mission.

Once again, the Commanders-in-Chief participated in the development of this program and the priorities to provide mission essential facilities through their major Army commands. We believe that their involvement has assisted in placing a proper priority mix to meet a minimum of the war fighting needs of Army's forward deployed units as well as the needs of those organizations in the United States. In addition, this budget has seven projects at three locations that basically provide basic support to reserve component training throughout the year.

With your permission, I would like to review our facilities strategy as it affects our adherence to the six fundamental imperatives that are essential to achieving the versatile, deployable and lethal force that is required of today's Army. Our mission is to meet the demands of providing quality soldiers with solid doctrine within the appropriate force mix. Moreover, we must provide tough realistic training with competent, confident leaders and continued modernization. Our budget supports our National objectives within the reduced resources available to insure we attract, train, equip and retain the best soldiers in this period of force structure changes.

FACILITIES ACQUISITION STRATEGY

The Military Construction, Army (MCA) program constitutes one percent of the total Army budget request in fiscal year 1991 while the Army Family Housing program represents two percent of the total Army budget. Together with the RPMA these two programs make up the "Facilities" account and account for approximately eight percent of the total Army budget. These funds finance a portion of the new construction and revitalization of the facilities our soldiers need to live, train and maintain sophisticated equipment. The housing funds also provide for the operation and maintenance of our family housing facilities. Our request provides a balance of facilities and family housing operation and maintenance needed to satisfy the many requirements of today's Army within the funding constraints.

As we analyze the facility requirements for weapon systems being fielded and force structure being stationed, all feasible alternatives are considered. As the Assistant Chief of Engineers, I am responsible for planning and programing for the facilities support including Military Construction, Army (MCA), Real Property Maintenance Activities (RPMA) and Family Housing (AFH) programs. We have developed a Facilities Strategy to guide us in the application of the funds available in these three accounts. The Army's strategy, in priority, is to use and maintain only those facilities we need, to meet regulatory and environmental requirements, to maintain what we own and revitalize facilities at a prudent rate, contain maintenance and

repair backlogs, and to build facilities for new mission requirements.

Prior to submitting this budget to you, we made adjustments within the Army to provide more funds to the RPMA program, which is authorized by another committee of this Congress. This is in keeping with our strategy to take care of what we have before building new. Our decision to provide a new facility is made only after a detailed analysis of the alternatives concludes that there is no other economically acceptable alternative. Thus, projects that are classified as facility upgrade or modernization do not have a lower priority, they merely present the optimum alternative as the facilities strategy is applied.

The many facility demands on the fiscal year 1991 budget are reflected in the 1991 MCA request with over sixty-five percent of the program supporting mission related projects, such as operation, training, maintenance and RDT&E facilities. Additionally, over fifteen percent will go to support facilities such as supply, unaccompanied housing and community facilities. The remaining balance will provide utilities, design, and minor construction. All of this construction is essential for the Army to successfully perform its mission and care of its people.

In the family housing area, our thrust is to operate and maintain what we own with over sixty-eight percent in fiscal year 1991 request going to pay operations, utilities and maintenance expenses. An additional twenty-eight percent in fiscal year 1991 will pay for the leasing of additional homes to provide adequate housing for our military families with a corresponding offset to the Military Personnel, Army (MPA) account. The remaining will be used to revitalize the current inventory through improvements, construct new homes, plan and design future projects, and make payments on the remaining Wherry housing debt.

Now, with your permission I will present the details of the fiscal year 1991 MCA program, highlight selected initiatives and show the balance to provide support for the total Army. First, let us look at the geographical distribution of the request.

GEOGRAPHICAL DISTRIBUTION HIGHLIGHTS

UNITED STATES

Our budget request inside the United States provides \$572,287,000 for fiscal year 1991 construction projects. This is approximately seventy-four percent of the request. The projects are located at installations in 23 states in fiscal year 1991. Projects totaling more than \$20 million in construction in fiscal year 1991 are located in each of the following states: Alabama, Colorado, Kansas, Kentucky, Maryland, North Carolina, Oklahoma, Pennsylvania, Texas and Wisconsin.

EUROPE

Our construction program for the United States Army, Europe (USAREUR) totals \$63,493,000 for fiscal year 1991. This program is an austere program especially when considered in light of the deplorable conditions in which many of our soldiers live and work. Although future stationing requirements are still being discussed, the fiscal year 1991 program represents the long term requirements for our soldiers that are stationed in Europe and focuses on those locations where the Army will continue to operate even with stationing changes. Approximately sixty percent of the request is at three communities which are

essential to all conceivable future stationing plans -- Vilseck, Grafenwoehr and Hohenfels. The relocation of ground combat units to Vilseck is continued in the request for fiscal year 1991. Projects submitted are necessary to provide and improve the training at Grafenwoehr. Establishment of the Combat Maneuver Training Complex (CMTC) at Hohenfels will allow USAREUR armor and mechanized infantry battalions to train in a realistic battlefield environment. The construction included in this request will provide the support facilities necessary to make Hohenfels a fully operational, realistic training facility for our forward deployed combat units in USAREUR. Training at Hohenfels will continue even with changes in future stationing in Europe.

The size of our program in Europe is small in relation to past year programs and is substantially reduced from original 1991 plans. This budget request of \$63,493,000 is over \$161,000,000 less than originally requested for fiscal year 1991. The requirements in this program represent the Army's response to major facility concerns of the Commander-in-Chief of U.S. Army, Europe and help sustain continuation of major U. S. initiatives in that theater. Marked improvements have been made, thanks to the support of Congress and the Administration. This program will provide facilities at those locations the Commander-in-Chief has indicated will be long term requirements. The budget represents a prudent balancing of requirements and support for our deployed soldiers as well as a responsible stewardship of our constrained resources in light of the changing political and economic environment in Europe.

Emphasis in the program is on operations, maintenance, supply and training, with 9 of the 18 projects in fiscal year 1991 in these categories. The program also supports utilities improvements, and quality of life, with 7 projects dedicated to community support type projects at long term communities. All of these facilities will substantially improve the conditions for our soldiers who have accepted rigorous assignments at these forward deployed locations.

These issues have the full support of the Commander-in-Chief (CINC), U.S. Forces, Europe. The fact that the fiscal year 1991 request for Europe represents eight percent of the Army request is a result of strong CINC involvement with the Military Construction program in Europe.

WESTERN PACIFIC

The Army continues to support its commitment in the Western Pacific with a \$41,940,000 fiscal year 1991 request in support of the Eighth U.S. Army in Korea and the U.S. Army, Japan. I must mention that the Pacific area, unlike other areas of the world, is not going through the great democratic changes we have seen over the past few months in Europe. Therefore, this program provides the facility support to the major initiatives of the Commander-in-Chief of U.S. Forces in Korea especially for our soldiers close to the Demilitarized Zone (DMZ). The budget also provides for essential ammunition storage and a flight simulator for new attack helicopters. These projects are not eligible for Host Nation Support since only war fighting projects are currently funded by the Korean Government. In Japan, we are requesting two projects, ammunition surveillance facility and ammunition storage, which do not qualify for Host Nation Support but are essential to correct the current safety violations in the facilities now in use. These projects will provide a safe working environment and reduce the possibility of a catastrophic accidental explosion.

Like the program in Europe, this Western Pacific program represents a substantial reduction from earlier plans. The current fiscal year 1991 budget for this area is over \$64,000,000 less than the original 1991 budget, a sixty-one percent reduction. This program is dedicated to the troops on the DMZ, to improve safety for our soldiers and to train on the modern sophisticated attack helicopters.

Now, let's examine this budget from the three primary perspectives of our soldiers; working, training and living conditions.

WORKING AND TRAINING CONDITIONS

A significant amount of resources is devoted to improving the working and training conditions and therefore the readiness of our soldiers. Over sixty-five percent of the program in fiscal year 1991 is devoted to improving working and training conditions. We are providing modern facilities for instructional, logistics and training support of Army operations. I believe that better facilities helps recruit and retain the talented men and women needed to fulfill our world-wide commitments. Moreover, better facilities lead to better performance which in turn leads to a corresponding increase in military readiness and war fighting capability. A total of \$505,491,000 is included in the fiscal year 1991 request to ensure this support will be sustained.

The fiscal year 1991 request includes \$58,630,000 for Operational projects, \$120,561,000 for Training ranges and facilities, \$254,650,000 for Maintenance and Production, and \$71,650,000 for Research, Development Test and Evaluation.

The Army of the future will continue to provide sustained, land-based power to serve the National security interests of the United States. With the force structure changes it is imperative to have competent, confident leaders who will train and lead our high-qualified, well equipped force. The process of growing leaders is a long-term, multi-faceted proposition that in itself starts with training. Two projects in the fiscal year 1991 budget supports this end. The General Instruction Building at Fort Leavenworth and the Center for Strategic Wargaming at Carlisle Barracks will provide essential training for the future leaders in our new Army.

LIVING CONDITIONS

Although the Army continues to support Quality of Life through a balanced program, troop housing and community facilities have been reduced from requests of previous fiscal years as funding is further constrained. The operational necessity of training and sustaining a ready Army and high priority defense initiatives have forced us to slow down on one of our most successful and visible programs. Troop housing and community support facilities total \$74,100,000, or ten percent, of the fiscal year 1991 budget.

In the Unaccompanied Housing category, the fiscal year 1991 request of \$19,690,000 contains only two major projects. The first is for our forward deployed troops in Korea and will provide 528 spaces of new construction. The second is the highest priority modernization project at Fort Hood for the modernization of 560 spaces. This project is required to provide adequate, livable unaccompanied housing for our soldiers at Fort Hood even if major restationing actions are undertaken at this

location. Our housing program has been slowed due to the uncertainties for future stationing decisions not lack of need for additional or modernized unaccompanied housing facilities.

The Morale, Welfare and Recreation projects in the community facilities program exemplify the Army's commitment to fixing existing assets where it is cost effective and only construct where there is no other option. New construction will utilize standard designs to save construction costs. With your help, we will continue this program to strengthen our bonds to the soldiers and their families. Our request includes a mix of nineteen critically needed community facility projects totaling \$54,410,000 in fiscal year 1991 as indicated in the following display:

COMMUNITY FACILITY PROJECTS

	FY 1991
Child Development Centers	3
Chapel Center	1
Chapel & Religious Education	1
Education Center (Addition)	1
Army Continuing Education Center	1
Physical Fitness Training Center	3
Recreation Center	1
Library Addition	1
Multi-Purpose Auditorium Facility	1
Fire Station	4
Military Police Station Addition	1
Emergency Services Building	1

In addition to these projects, we have submitted four Child Development Centers for possible execution under the long-term facilities contract, Section 2809, authority. These projects at Fort Belvoir, Detroit Arsenal, Redstone Arsenal and Fort McPherson will provide our soldier with long term affordable support.

This budget requests funding for two Chapel Centers to support service members and their families by providing a place for the free exercise of their religion in a pluralistic environment while separated from their home during service to the nation. Civilian churches in nearby communities are unable to fully meet the specific needs of military families (for example; physical accessibility or language at foreign locations) or the base commander's responsibilities to provide full religious support for all soldiers under his command. In fiscal year 1990 legislation, three projects which included both Religious Facilities and Child Development Centers (CDC) received authorization for only the CDC portion of the projects. Consequently, this budget also requests authorization for the Religious Facilities portions of those three projects.

SPECIAL PROGRAM HIGHLIGHTS

REVITALIZATION OF ARMY FACILITIES

We are forging, within the very tight fiscal constraints, a revitalization strategy. This strategy involves defining the costs and benefits associated with various levels of revitalization investment in our current facilities. The current budget has a revitalization investment rate, in both Military Construction, Army (MCA) and Real Property Maintenance Activities (RPMA), of about 1 percent of the Army's Plant Replacement Value. An Office of the Secretary of Defense study indicated that

Department of Defense facilities replenishment rates are one-third of the private sector and one-half of other public sectors.

Our approach entails reducing the facilities base during this period of shrinking resources while striving to keep facilities funding at a level that fully funds a smaller annual recurring requirement. If we can accomplish this, through additional base realignments and closures, we will begin to contain the maintenance and repair backlogs as well as revitalize facilities we continue to own and operate. Other actions initiated to slowly reduce the backlog of maintenance include expanded self help, productivity programs, demolition of unneeded facilities as well as consolidating into the best facilities.

We are continuing to develop these strategies within the Army to justify additional funding of a revitalization program to balance our essential new mission facilities requirements. I support Secretary Cheney's initiatives to expedite the base closure process. These initiatives will permit the Army to expedite closures in a quick and business like manner and realize the savings required over the next several years.

ARMY ENVIRONMENTAL PROGRAM

The fiscal year 1991 program includes two projects for water distribution and waste water pollution abatement totalling \$29,000,000. One project at Fort Ord will pay Army's portion for a long-term potable water supply system for this area. Funding for this project is necessary even with the potential stationing changes to continue our commitment to provide potable water for the area. The project at Fort Sill will expand and upgrade the waste water treatment facility to comply with current environmental standards. Many of the other fiscal year 1991 projects are indirectly related to environmental compliance mitigation. Projects such as hardstands and central wash racks are designed and engineered to ensure minimum environmental impact. The fiscal year 1991 budget continues the Army's emphasis on improving the environment and minimizing adverse impacts.

CHEMICAL DEMILITARIZATION

I am pleased to inform you of two major accomplishments that were achieved in fiscal year 1989. In July, the Army began construction of the Central Demilitarization Training Facility (CDTF) at Aberdeen Proving Ground, Maryland. All government and contractor personnel who will work in our disposal facilities will receive their initial and refresher training at the CDTF. Also, in fiscal year 1989, a contract was awarded for the construction of the first chemical disposal facility in the United States which is being built at Tooele Army Depot, Utah.

In fiscal year 1991, we will construct a chemical disposal facility at Anniston Army Depot, Alabama, \$54,300,000, and upgrade roads and other facilities in support of that plant, \$10,200,000. We will also begin to upgrade roads, gas lines, and other facilities at Tooele Army Depot, \$11,800,000, in support of that chemical disposal facility. A new laundry facility will also be constructed as part of the support facilities to the demilitarization mission at Tooele Army Depot.

You may recall that in our fiscal years 1990/1991 Biennial Budget, we had included projects for chemical disposal facilities at Pine Bluff Arsenal, Arkansas and Umatilla Army Depot, Oregon. Due to fiscal constraints, construction of those facilities is no

longer part of our fiscal year 1991 request, but will be included in our fiscal years 1992/1993 Biennial Budget submission which makes the 1997 completion date improbable.

CURRENCY REVALUATION IMPACTS

The continuing fluctuation of the dollar will have an impact on our construction program. Previous programs have been budgeted at rates as high as 2.99 DM per dollar. The contracts that have been awarded and obligated at the prior, higher rates are now actually being paid out at a much lower rate for work as it is being constructed -- recently as low as 1.70 DM per dollar. An analysis of the impact, at this rate, on the fiscal year 1990 and prior authorized programs indicates an anticipated loss in fiscal year 1990 for MCA and family housing of approximately \$101,000,000 and \$107,000,000, respectively. Part of this requirement will be met by the appropriations approved for fiscal year 1990, \$9,000,000, however, the remaining will have to come from deferral of projects, or savings in execution or future improvement in currency exchange rates.

In fiscal year 1987 a currency fluctuation account was established within the Department of Defense; however, there was no funding associated with this account and we initially capitalized this with the limited unobligated balances accrued in prior years. The fiscal year 1988, 1989 and 1990 appropriations to offset currency deficiencies provide partial relief, however, shortages continue. We will continue the practice of deferring the awards of some projects this year in order to ensure we have sufficient funds available to pay estimated currency bills. We utilized a similar strategy last year and, fortunately, did not have to cancel any approved projects due to currency losses. I am not optimistic that we can completely avoid cancellation of projects or delay family housing maintenance work this year. I am bringing this to your attention as a problem that we again have to jointly face. This is a critical problem we have in awarding and constructing the program requested.

OVERVIEW

MILITARY CONSTRUCTION, ARMY

MCA BUDGET REQUEST ANALYSIS

The fiscal year 1991 MCA budget request includes a request for new authorization of \$774,900,000 along with a companion request for appropriation of the same amount, \$774,900,000. Table 1 shows the request by facility categories and the percentage of the total construction dollars by category.

TABLE 1 - FISCAL YEAR 1991
MILITARY CONSTRUCTION, ARMY, PROGRAM
FACILITY CATEGORY SUMMARY

FACILITY CATEGORY	FY 1991	
	COST (\$000)	%
Operations and Training	179,191	22
Maintenance and Production	254,650	34
Research, Development, Test and Evaluation	71,650	10
Supply & Administrative	46,130	6
Unaccompanied Housing	19,690	2
Community	54,410	7
Utilities & Real Estate	51,999	7
Design/Minor	97,180	12
Total	774,900	100

TABLE 2, on the next page, shows the fiscal year 1991 distribution of the appropriation request among major commands in the United States and overseas. Construction projects in the United States account for \$572,287,000 in fiscal year 1991, seventy-four percent. Construction projects outside the United States is only fourteen percent in of the total request, \$105,433,000. This request also calls for planning and design, and unspecified minor construction of \$97,180,000 in fiscal year 1991 or twelve percent of the request.

TABLE 2 - PROPOSED FISCAL YEAR 1991
MILITARY CONSTRUCTION, ARMY, PROGRAM
COMMAND SUMMARY

COMMAND	FY 1991	
	COST (\$000)	PERCENTAGE OF TOTAL
INSIDE THE UNITED STATES		
Forces Command	226,677	31.8
Training and Doctrine Command	144,580	18.7
Army Materiel Command	144,650	18.7
Western Command	15,300	2.0
Information Systems Command	1,050	0.1
Army Health Services Command	530	0.0
Military District Washington	7,650	1.0
Access Roads/Other	11,850	1.5
Total	572,287	73.9
OUTSIDE THE UNITED STATES		
US Army, Europe	63,493	8.2
Eighth US Army, Korea	31,490	4.1
US Army, Japan	10,450	1.3
Total	105,433	13.6

OTHER

Planning and Design	89,577	11.5
Unspecified Minor Construction	7,603	1.0
Total	97,180	12.5
Total obligation authority requested:	774,900	100.0

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard (ARNG), has taken on new responsibilities. Manned with high quality soldiers, trained and equipped to a higher level of readiness, and modernized to a greater extent than ever before, the Army National Guard is the best it has ever been in its 353 year history. The Army's "Total Force" concept and the resources provided by Congress, including the support this Committee has given to our facilities needs, have made this high level of readiness possible.

The ARNG has proven to be cost effective in performing both its State mission of providing military support to civil authorities and its Federal mission of deterring war.

The ARNG improved dramatically during the decade of the 1980's:

---End strength and force structure increased by approximately 100,000 to a projected End Strength of 447,300 for fiscal year 1990.

---The number of ARNG units with early deploying missions increased 151%.

---The number of new and existing units reporting an overall readiness status to perform their wartime mission increased 36%.

---High priority units are being equipped with the most modern equipment available to the Total Force.

---Training opportunities have greatly expanded with the use of local, regional, national and joint training simulators enhancing our ability to make maximum use of limited resources.

---Training opportunities for qualification of individual soldiers, leaders and units have been extended to include field environments around the world.

The Army National Guard force structure will probably undergo a period of adjustments to become responsive to assigned Federal missions and to become more cost competitive as a strategic deterrent to armed conflict.

In the past 10 years, the Army National Guard has undergone significant force structure changes. We have been assigned major wartime missions required by our national contingency plans. Modernization of supporting facilities has become a vital part in developing the readiness levels of our units. Our goals are to provide adequate and functional facilities and infrastructure to support assigned missions. We plan to meet these goals by maintaining the existing inventory and by investing in a logical

and prudent revitalization construction program. Through such revitalization efforts, we are also making a statement to the States and local communities as well as to all members of the Army National Guard that the U.S. Army recognizes a commitment to the "Citizen Soldier" by investing in modern facilities where they work and train. In return, such investments have high paybacks in improved morale, productivity, recruiting and retention, as well as improved war fighting readiness.

Current funding levels available to the Army, including the Army National Guard, have fallen short for fully executing both areas. The backlog of construction needs continue to grow in spite of this Committee's and other Congressional assistance to acquire additional facilities beyond those requested in the annual Military Construction program. Annual funding support of operations and facilities upkeep has declined to the point that existing facilities are fast becoming unserviceable and may require premature replacement.

CONSTRUCTION PROGRAM EXECUTION FOR FISCAL YEAR 1989
TABLE 3

ARNG
EXECUTION

FY 1989 PROGRAM EXECUTION	REQUEST	APPROPRIATED
PROGRAM:		
MAJOR CONSTRUCTION	\$ 120.7	\$ 207.2
MINOR CONSTRUCTION	7.0	8.0
PLANNING/DESIGN	10.6	14.0
TOTAL	\$ 138.3	\$ 229.2

PROJECTS CANCELLED:

OH MCCONNELSVILLE	ARMORY	SCOPE CHANGE
IN CAMP ATTERBURY	RANGE	SCOPE CHANGE
PA FINLEYVILLE	RANGE	ENVIRONMENTAL
NM SANTA FE	OMS	SCOPE CHANGE

PROJECTS NOT AWARDED:

GA ATLANTA	ARMORY	SITE CHANGE
MS CAMP MCCAIN	AIRFIELD	ONE HIGH BID
NM CENTRAL	ARMORY	BIDS DELAYED
NM GRANTS	ARMORY	HIGH BIDS
NM SANTA ROSA	ARMORY	HIGH BIDS
NM TUCUMCARI	ARMORY	BIDS DELAYED
NM LAS VEGAS	ARMORY	BIDS DELAYED
VA ARLINGTON HALL	CENTER	MODIFICATIONS
WV BUCKHANNON	USPFO	SCOPE CHANGE

The ARNG fiscal year 1989 Military Construction program authorized and funded 116 projects. The appropriations totalled \$229.2 million with \$207.2 million committed to construction (see Table 3). Four of the authorized project were cancelled; three because of scope changes and one because of an unforeseen environmental problem. Nine projects were not awarded during the program year. Eight will be awarded during fiscal year 1990. One project has had a major change in scope. This project, the USPFO office building at Buckhannon, West Virginia, is being deferred again by DoD action to transfer fiscal year 1990 funds added to the MCNG program to other requirements. We achieved a 92% execution rate for fiscal year 1989.

CONSTRUCTION PROGRAM PLAN FOR FISCAL YEAR 1990

The fiscal year 1990 Military Construction, Army National Guard (MCNG) budget request of \$114 million concentrated on

modernized or new training ranges and regional centers, logistical and maintenance facilities for new weapons systems and armories for more intensive home station training to support the expanded missions.

With the Congressional added projects, the enacted MCNG Appropriations for fiscal Year 1990 totalled \$223.49 million. This program provides \$211.9 million for construction and \$11.6 million for planning and design to accelerate the design of future year projects. As you are aware, there is about \$36.1 million difference between the amounts authorized and appropriated.

The fiscal year 1990 MCNG program as enacted has projects in 40 states and they are divided into the following project types:

	<u>QUANTITY</u>	<u>AMOUNT</u> <u>(\$000)</u>
ARMORIES		
NEW, REPLACEMENT, EXPANSIONS	59	86.0
EQUIPMENT MAINTENANCE SHOPS	24	33.4
TRAINING SITE SUPPORT FACILITIES	20	31.7
TRAINING SITE RANGES	13	13.8
AVIATION FACILITIES	10	11.1
SUPPLY AND SUPPORT FACILITIES	7	7.2
LAND ACQUISITION & MISCELLANEOUS	<u>5</u>	<u>28.7</u>
TOTAL	138	211.9

CONSTRUCTION PROGRAM REQUEST FOR FISCAL YEAR 1991

The programed fiscal year 1991 request of \$66.4 million includes \$58.514 million for construction, \$3.786 million for unspecified minor construction, and \$4.1 million for planning and design of future projects. The submitted President's Budget, however, provides an adjustment to our requested program of \$278,000. We ask that this adjustment be added to our unspecified minor construction which would become \$4,064,000. The total request is listed at \$66,678,000. This is the lowest requested program since fiscal year 1984, but because of other higher priorities for personnel and equipment all military construction programs are significantly reduced. The requested major construction program supports requirements from 25 States and territories and will provide the facilities identified for ARNG units.

	<u>QUANTITY</u>	<u>AMOUNT</u> <u>(\$000)</u>
ARMORIES		
NEW, REPLACEMENT, EXPANSIONS	17	25.619
EQUIPMENT MAINTENANCE SHOPS	12	13.966
TRAINING SITE SUPPORT FACILITIES	3	2.161
TRAINING SITE RANGES	7	6.854
AVIATION FACILITIES	1	2.515
SUPPLY AND SUPPORT FACILITIES	2	3.599
ARMORY STORAGE BUILDINGS (VARIOUS LOCATION)		1.6
INDOOR RANGE MODERNIZATION (VARIOUS LOCATION)		<u>2.2</u>
TOTAL	42	58.514

FORCE STRUCTURE

ARNG force structure initiatives continues to focus on conversion of separate maneuver brigades and corps level combat support and combat service support forces to the Army of Excellence design.

An example of our force structure initiatives is the conversion of two Armored Cavalry Regiments to separate Armor Brigades equipped with M-1 tanks. In addition, a light infantry battalion was activated in Alaska as a roundout battalion to the 6th Infantry Division. Facilities to support these initiatives will be in the cut years.

The fiscal year 1991 program has 17 armory projects, and one Tri-Service construction project at Bangor, Maine. This Armed Forces Reserve Center project will be the training center for units of the 262th Engineer Battalion, Maine Army National Guard and for units of the Army Reserve and Navy Reserve.

BASE CLOSURE 1990

Two projects contained in our fiscal year 1990 program are involved in a base closure action. They are the armory and Army Aviation Support Facility (AASF) C-12 hangar programmed for construction at Mather Air Force Base at Sacramento, California. The Sacramento Area Commission on Mather Conversion (SACOMC) is currently studying the future of the facilities located on the Air Base. The State of California is hopeful that the SACOMC will recommend that the California ARNG retain their existing 25 acre site plus permit the acquisition of an additional 24 acres. The result of the SACOMC report is scheduled to be published in September 1990; thus, delaying the award of the construction contracts for the armory and C-12 hangar during fiscal year 1990.

The January 1990 Base Realignment and Closure Proposals, Army Force Realignment as presented to Members of Congress, proposes to reduce the end strength of the Army National Guard and could result in a realignment or redistribution of units within and among the states. The impacted states are currently studying these changes and facilities needs. It is anticipated that some of the older inefficient armories will no longer be required to support adjusted Force Structure.

The fiscal year 1990 construction program has only one project that could be affected by the proposed force realignment. That is a mini tank range in New Jersey requested to train armor units now scheduled for deactivation. The project may still be required if new units assigned to this region that have the same training requirements. The fiscal year 1991 program was developed such that no projects are requested to support any known units involved in this realignment.

TRAINING

PERMANENT TRAINING SITE FACILITIES:

To sustain combat readiness within the Army National Guard, quality year round training capabilities are required by providing permanent modern support facilities on our major training sites. The permanent cantonment facilities, such as troop barracks, dining and support buildings, must be provided to supplement or replace inadequate World War II wooden buildings, metal hutments, tent platforms and unheated facilities which are currently available. The fiscal year 1991 training site facilities construction request includes three projects: one troop support project at Camp Guernsey, Wyoming, one troop medical training project at Camp Pilea, Oregon and one troop support project at Camp Carroll, Alaska that will significantly improve year around training and overnight stay capabilities at these major training sites.

REGIONAL TRAINING CENTERS:

In partnership with the Active Component and the Army Reserve, the Army National Guard is establishing regional training sites to provide specialized training not available at home stations. The ARNG is proponent for thirteen of these regional centers where maintenance personnel can train on equipment they will maintain during wartime. Nine of these facilities have been approved with two now completed and turned over to full time training duties. The tenth center, at Jefferson City, Missouri is scheduled for construction this year. The eleventh, at Nickell Barracks, Kansas, is in our fiscal year 1991 request.

RANGE MODERNIZATION:

Our range modernization initiative, incorporating range concepts, target systems and training doctrine developed by the Army, is continuing. The ARNG range program has been developed to modernize our training sites as a means to standardize the type and quality of training. The systems being employed at our major training sites are more complex and more costly to construct than the older fixed position ranges common to our older training sites. These types of new ranges with the automated targets and scoring systems will permit us to train more troops in less time with higher quality in weapons marksmanship. Six projects of this type are scheduled for fiscal year 1991 and they are located in five locations.

For fiscal year 1991, the program has one project scheduled for Guilderland, New York. This range is called Military Operations on Urbanized Terrain (MOUT) Assault Course or "MAC" and is being developed to train small units in simulated or live-fire combat conditions in built up or urban environments. This facility is required for training elements of the 27th Brigade with the mission to roundout the 10th Light Infantry Division and other New York ARNG units.

Our range modernization program is on-track and will improve our combat training capabilities for sustaining unit readiness during the coming decade.

EQUIPMENT READINESS

Despite the reduction in procurement programs in recent years, fielding of equipment under the force modernization program and delivery of Dedicated Procurement Program equipment, the Army National Guard continues to receive large quantities of new and displaced equipment at record setting rates. Primarily, these items of equipment are the same as in the Active Army; such as, the M1 Abrams tank, the modernized M60A3 tank, Bradley Fighting Vehicle (BFV)s, Firefinder Radars for artillery units, Improved TOW Vehicles (ITV), M198 howitzers, Chaparral air defense weapons and the Heavy Expanded Mobility Tactical Trucks (HEMTT) and the High Mobility Multi-Purpose Wheeled Vehicles (HMMWV) replacing older models of tactical wheeled vehicles.

Requirements to maintain and manage this equipment in a go-to-war state of readiness places greater demands on our surface maintenance support. We are facing this challenge by systematically upgrading and modernizing our maintenance facilities. We have identified over 530 maintenance facilities in our existing inventory requiring modernization or replacement at an estimated cost of \$450 million.

Our fiscal year 1991 request provides projects to upgrade or replace twelve (12) of the most critically obsolete or inadequate maintenance facilities. These facilities include Organizational Maintenance Shops (OMS) at the unit level and Combined Support Maintenance Shops (CSMS) providing state-wide direct and general support maintenance on all equipment.

AVIATION SUPPORT FACILITIES

We are requesting one project for fiscal year 1991 at Sandston, Virginia, Army Aviation Support Facility (AASF). The project repairs and expands the aircraft parking ramp. Fiscal year 1991 program does not include requests for constructing or replacing any aviation maintenance or hangar facilities. The reason is that the Army's Aviation Modernization Plan (AAMP) recommends realignments in aircraft types and unit structure for both the active and Reserve Components of the Army. This plan could make significant changes in the ARNG aviation structure and types of assigned aircraft. Even though we have severe overcrowding at some of our aviation support facilities, we must defer development of all modernization projects until the Army's Aviation Modernization Plan is finalized. We anticipate these decisions will be made this year and our aviation modernization program can proceed in fiscal year 1992.

MILITARY CONSTRUCTION, ARMY RESERVE

As we enter the 1990's, the Army Reserve is confronted with unprecedented changes in the world and strategic defense requirements. These changes have produced a climate that requires a fresh analysis of the size, structure, mix, mission, and stationing of defense forces worldwide. We are continuing that analysis, but we will see a smaller, more versatile Army. This will undoubtedly necessitate corresponding changes in the Army Reserve and the role it plays in the Total Force, particularly in providing support units and rounding out the active force. This should make maintaining high standards of readiness ever more challenging. Given the reductions in Army Reserve personnel that have occurred as a result of fiscal constraints, and considering the further reduction that potentially could be imposed by future Gramm Rudman Hollings cuts, it is all the more essential that we keep our reserve force highly trained and effective. In today's environment, it is imperative that the Army Reserve be properly equipped and adequately housed as well as be provided with adequate training facilities to ensure that it is fully prepared to meet all foreseeable contingencies.

Every attempt is being made to capitalize on those benefits that may be derived from a declining force. Careful consideration is being given to possible increased Army Reserve use of active component facilities designated for realignment and closure. Some savings may be realized from earlier projected construction requirements that could reduce somewhat the \$2.3 billion construction backlog. It may also be possible to reduce the number of leased facilities acquired when full funding for construction of required Government-owned facilities was unavailable. In any event, we are looking closely at all of our requirements and carefully reassessing them in light of a rapidly changing world.

Nevertheless, it is unlikely that our construction program can be significantly curtailed in the near term. This is true for several reasons:

First, facilities are needed to accommodate the growth of the Army's Selected Reserve from 185,000 to 322,000 that has already occurred over the last, 10 years. These additional 137,000 soldiers train by and large in centers that existed prior to their recruitment, a situation that creates intolerable conditions of overcrowding and inefficient operation. At last assessment, the Army Reserve had acquired but 53 percent of its facility requirement. Because the utilization rate of U. S. Army Reserve facilities stands at 200 percent, any decreases in strength may improve this figure only slightly.

Second, facilities will be needed to store and maintain all equipment redistributed to reserve forces as a result of troop and equipment draw downs overseas. The Army Reserve is well positioned to measurably benefit from such a redistribution. Access to modern equipment of the kind to be employed in event of an emergency will improve both the training environment and the state of readiness of many of our Army Reserve troop program units. However,,this can be accomplished only if we ensure that there units have the necessary capacity to adequately store, maintain, and utilize the additional equipment to full advantage.

Third, facilities are and will continue to be needed in those areas of the nation experiencing population growth rather than decline. While some active component facilities might be converted for reserve component use, these facilities tend to be located where land is plentiful. Reserve facilities need to be located where people are plentiful.

Additionally, construction funds are needed to renovate or replace buildings which have come to the end of their useful life or are functionally obsolete. Due to a shortage of military construction dollars, in order to meet mission requirements, we find ourselves in the position of having to use Operation and Maintenance funds in the Real Property Maintenance account to keep these old buildings functioning. Having to spend these funds on those old buildings and on leases has the direct effect of causing our backlog of maintenance and repair to rise beyond a manageable level.

We realize that we cannot rehabilitate or build new facilities everywhere at one time and that some inefficiencies and crowding will continue, but we must continue our efforts to improve the physical plant to the best of our ability because of the critical role facilities play in the retention and training of Reserve soldiers who serve to enhance the wartime readiness of the Army.

We have crafted the construction program that we present today for your consideration in the context of severely constrained resources. It will not, therefore, meet all of our needs, but it will enable us to address a few of the very highest priority projects designed to expand and modernize the US Army Reserve physical plant.

CURRENT YEAR PROGRAM

The execution record of the Military Construction, Army Reserve (MCAR) program is among the best in the Department of Defense. We have made plans which we anticipate will allow us to execute the fiscal year 1990 program this same fiscal year once the current moratorium is lifted.

FISCAL YEAR 1991 REQUEST

The fiscal year 1991 authorization request will support execution of 14 major construction projects including 4 new Army Reserve centers, 7 major alterations or expansions, 2 regional training sites (1 medical and 1 maintenance), and 1 Armed Forces reserve center.

We selected, and ranked the projects based on need, the mission of units supported, troop activation schedules, and the general contribution of each project to the readiness of the Army Reserve. All projects are at or above 65 percent design, and we envision no difficulty in awarding all during fiscal year 1991.

The authorization required for these major construction projects is \$52.3 million. Minor construction projects and planning and design funds are specified respectively at \$2.25 million and \$4.8 million. The grand total cost of the projects contained in this authorization request is \$59.3 million.

ARMY FAMILY HOUSING

Now let me discuss one of the most important programs in the Army budget--Army Family Housing. The fiscal year 1991 request continues our efforts started in prior years to improve the operational readiness of the Army while, at the same time, provide quality of life improvements necessary to attract and retain dedicated individuals to serve in the Army.

Adequate family housing continues to be one of our top goals. This budget request reflects the Army's attempt to provide suitable housing for our soldiers and to maintain the quality of the facilities entrusted to our stewardship. The fiscal year 1991 AFH budget includes a request (see TABLE 4) for \$1,554,450,000 in authorization, while an accompanying request for appropriation is for the same amount, \$1,554,450,000.

TABLE 4 - PROPOSED FISCAL YEAR 1991

ARMY FAMILY HOUSING PROGRAM

AUTHORIZATION SUMMARY

FACILITY CATEGORY	FY 91
	AUTHORIZATION
	(\$000)
New Construction	15,000
Post Acquisition Construction	44,100
Planning and Design	2,700
Operations	214,184
Utilities	303,641
Maintenance	540,210
Leasing	434,316
Debt Interest	49
Debt Principal	250
TOTAL	1,554,450

HOUSING PROGRAM ACCOUNTS

The Army Family Housing budget request includes resources for a minimal new construction program, revitalization of our aging housing inventory, planning and design of future construction projects, and to fund the annual costs of operating, maintaining, and leasing housing units for military families. This request does not, however, provide adequate resources to bring all Army Family Housing units to current DOD construction standards. TABLE 5, on the next page, summarizes each of the categories of the AFH program and the percent of the total request for each category.

TABLE 5 - ARMY FAMILY HOUSING
FISCAL YEAR 1991 BUDGET SUMMARY
FACILITY CATEGORY SUMMARY

CATEGORY	FISCAL YEAR 1991 AUTHORIZATION (\$000)	PERCENT OF TOTAL AUTHORIZATION
New Construction	15,000	1.0
Post Acquisition Construction	44,100	2.8
Planning & Design	2,700	0.2
Operations	214,184	13.8
Utilities	303,641	19.5
Maintenance	540,210	34.8
Leasing	434,316	27.9
Debt Interest	49	*
Debt Principal	250	*

*Less than .1 percent

NEW CONSTRUCTION

Army policy directs that the first source for providing family housing will be the civilian community. The concept of the Variable Housing Allowance (VHA) supports this policy. The Army is executing two test programs approved under Sections 801 and 802 of Public Law 98-115 working with local communities. We are proceeding ahead to realize a successful Section 802, Rental Guarantee, project. We believe we will be successful since we are targeting this project to the higher graded soldier. However, at locations where off-post housing is not available, too costly, or substandard, the Army must take positive steps to provide adequate housing for military families. New construction is programmed only when these conditions exist and it is the most economical alternative.

In this budget our construction program has been reduced to our highest priority location, Hawaii. This construction project, 138 units, is for critically needed dwelling units on Oahu where off-post housing is scarce and expensive and continues an acquisition program that the Army started in 1988. Oahu is also the location we plan to execute a Rental Guarantee project.

POST ACQUISITION CONSTRUCTION

The Post Acquisition Construction program consists of whole house renewals and substandard upgrades to the current inventory to bring them up to contemporary standards and modernize obsolete systems. Due to the aging of our inventory, we must continue to place emphasis on this type work. In doing so, we will protect

the government's investment and provide long-lasting benefits to our soldiers and their families. Our investment in family housing improvements is less in fiscal year 1991. However, over the past ten years, we have invested over \$.8 billion in the housing inventory substantially reducing the requirements for some improvements such as air-conditioning and substandard upgrade.

Specifically, this request will provide revitalization to approximately 2,000 units at worldwide locations in fiscal year 1991. Included in the request are whole house renewal projects for 1,054 units in fiscal year 1991. The program calls for the air conditioning of 893 units in fiscal years 1991. Funding will also correct substandard housing conditions in 52 units in fiscal year 1991.

OPERATION AND MAINTENANCE

The operations, utilities and maintenance programs comprise the majority of the fiscal year 1991 budget request, sixty-eight percent. The funding requested for these programs partially funds the Army's annual expenditures necessary to provide municipal-type services and utilities, to maintain the existing family housing inventory in order to protect the Army's investment, and to provide overall stewardship of the family housing inventory. This does not include deferred maintenance and repair (DMAR) work which was not completed in prior years due to insufficient funding. This DMAR adds to the total revitalization backlog requirement. The fiscal year 1991 request continues programs which were in effect during previous years and provides resources for eighty-seven percent of our maintenance and repair requirements.

This budget fully funds the anticipated requirements for operations and utilities in fiscal year 1991. The request also continues funding for the installation, operation and maintenance of an Army-wide computer system, Housing Operations Management System (HOMES), which is improving many phases of housing management. Due to continued management emphasis and the impact of previously approved energy conservation projects, a reduction in energy consumption has been factored into the utilities request. A continuing objective of the operation and maintenance program is the improvement of living conditions for military families throughout the world by accomplishing the annual maintenance and repair of our inventory. However, this budget request will not accomplish all work which is needed to meet this objective.

DEFERRED MAINTENANCE AND REPAIR

Deferred maintenance and repair (DMAR) is that maintenance and repair work which was scheduled for accomplishment in a prior fiscal year annual work plan, but could not be accomplished due to insufficient funding. Foreign currency losses and fiscal constraints since fiscal year 1986 created funding shortfalls which resulted in the deferral of more than \$330,000,000 of maintenance projects since that time. In the short-term, deferring projects is the least harmful way of meeting federal deficit reduction goals and paying for currency losses, but this deferral adds to the backlog of requirements and increases the rate of facility deterioration. We project the deferred maintenance backlog will increase to \$833 million in fiscal year 1991 due to insufficient funding. This impacts severely on the total revitalization backlog of maintenance and repair.

LEASING

Another way of adequately housing our military families is the leasing program. Our program includes domestic leases (Section 801 and temporary domestic), Section 802 rental guarantee housing, and foreign leases. The temporary domestic leasing program for fiscal year 1991 increases slightly due to the increase in leases for the Oahu Consolidated Family Housing Office pending the completion of new construction projects programmed to reduce the large deficit in this area. We have requested only \$8,645,000 for temporary leases in fiscal year 1991. The Section 801 program requests \$59,425,000 in fiscal year 1991 for an average of 4,330 units to be occupied during the year.

The largest growth in this budget presentation is in the foreign leasing program. For this program, we request \$366,246,000 in fiscal year 1991 for an average of 35,147 units to be occupied during the year. This growth is due to the Government Rental Housing Program (GRHP) in Europe. Under this program the Army leases directly with European landlords and pays all lease costs while our soldiers forfeit all housing allowances. The soldiers then stay in these leased units for their entire tour and are relieved of the high out-of-pocket expenses associated with living on the economy in Europe. We found that soldier morale is improved and there is no additional cost to the government since monies that would have been paid in housing allowances from the Military Personnel, Army (MPA) account are now transferred to the housing leasing account. Also, the GRHP leases will help in the orderly reduction of soldiers in Europe by providing flexibility to Commanders to shift leasing from location to location or cancel leases no longer required.

Our total leasing program request supports an average of 40,431 units in fiscal year 1991 to satisfy requirements in the United States, Europe, Korea, and Panama. These are our high priority locations where providing flexible family housing solutions is essential to improving the quality of life of our soldiers.

HOMEOWNERS ASSISTANCE PROGRAM

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. The fiscal year 1991 request is for \$5,100,000 authorization, while an accompanying request for appropriation is also for \$5,100,000.

This request was prepared and includes all known requirements prior to the recent announcement of possible additional base realignments and closures. The request also does not include any funds for the Base Realignments and Closures approved within Public Law 100-526 for which authority has been approved to transfer up to \$31,000,000 from the Department of Defense Base Closure Account. The request will permit continuation of three known realignments at Air Force bases. Any additional base realignments or closures will incur an additional requirement in the Homeowners Assistance Program. Because of this possible requirement, flexibility to obtain needed resources would alleviate funding shortages. Included in the fiscal year

1991 legislative package is a request for authority to transfer monies from other available appropriations to the homeowners assistance program. Additionally, in an effort to reduce administrative costs of the program, the Army is studying the feasibility of using the private sector for administration of the program where cost-effective to do so.

REAL PROPERTY MAINTENANCE ACTIVITIES

I would like to talk about another important source of funding in support of the Army's facilities, the Real Property Maintenance Activities (RPMA). The authorization for these funds is provided as a part of the Defense Authorization Bill.

RPMA ACCOUNTS

RPMA is a major program with four major functional accounts-- Operation of Utilities, Maintenance and Repair of Real Property, Minor Construction, and Engineer Support. We record costs of the major RPMA accounts to subaccounts to reflect the total cost to operate and maintain the Army's Physical Plant. Following is a list of these major accounts and their functions:

Operation of Utilities -- "J" Account

The utilities account includes the procurement, production and distribution of all utilities, such as electrical energy, steam and hot water, fuels utilities, and water. This account also includes the operation of utilities systems and plants.

Maintenance and Repair of Real Property -- "K" Account

This account pays to maintain functional areas such as the utilities systems, the buildings, and the grounds. Moreover, it funds railroads and other surface areas. Repair projects associated with the performance of environmental compliance are also funded from this account.

Minor Construction -- "L" Account

This account funds projects under \$200,000, such as, the erection, installation, assembly of a new real property facility. Additions, expansions, extensions, alterations, conversions, or replacement of an existing real property facility is also funded from the minor construction account. Additionally, the relocation of a real property facility from one installation to another would be paid for from this account.

Engineer Support -- "M" Account

The engineer support account funds services normally provided by municipal governments. Support services such as fire prevention and protection, refuse handling and disposal, and snow removal and ice alleviation are provided within this account. Other services provided include facilities engineering management, rental of real property and real estate administration, pest control services, master planning, environmental analysis and supervision of the Director of Engineering and Housing Staff.

SOURCES OF RPMA FUNDING

We fund RPMA from several appropriations and sources. The

most common of these sources is the Operations and Maintenance, Army (OMA) appropriation. Funding is also received from: Research, Development, Test and Evaluation (RDTE); Army Industrial Fund (AIF); Family Housing, Army (AFH); Operation and Maintenance, Army National Guard (OMANG); Operation and Maintenance, Army Reserve (OMAR); Reimbursable Customers Tenants -- DoD and Other Services; Non-Appropriated Fund Activities; and Foreign Governments.

BACKLOG OF MAINTENANCE AND REPAIR

The Army operates over 300 installations in the United States, Europe, the Pacific and the Panama Defense Complex. When we cannot fund the annual recurring maintenance and repair requirements (including one time projects), the result is a Backlog of Maintenance and Repair (BMAR). BMAR is defined as an aggregation of major maintenance and repair projects that were planned for accomplishment in previous fiscal years but were not accomplished due to lack of resources. At the end of each fiscal year, all of the unaccomplished projects become potential BMAR. The reporting activity then thoroughly reviews this potential BMAR before it is added to the previous listing of BMAR projects. These planned maintenance and repair (M&R) projects are reviewed to determine if the project can be rescheduled to subsequent fiscal years and included in those years' Annual Recurring Requirements or added to the BMAR list of deferred projects. Moreover, in accordance with Congressional direction, any project over four years old is deleted from the BMAR list of deferred projects. BMAR projects are routinely revalidated at least once each three years and on occasions more often.

We can reduce BMAR in several ways. By funding and completing outstanding M&R projects, we remove them from the backlog list. A maintenance and repair requirement can also be removed by accomplishing a new construction project. Another way we reduce BMAR is by deactivating or demolishing the facility requiring M&R work or by closing all or part of the installation. However, BMAR cannot truly be reduced unless the Annual Recurring Requirements are fully funded and additional funds are available to apply against the backlog requirements.

BMAR is one indicator of the condition of our Real Property Assets. Despite our efforts, BMAR increases over fiscal year 1990 by \$270 million. A high level of BMAR indicates a poor condition of facilities, and this will impact on the living and working condition of the soldier and his family. This, in turn, has a direct impact on force readiness. When you talk to Commanders in the field the degraded conditions of facilities is one of their most pressing concerns.

RPMA IMPACT ON REVITALIZATION

Revitalization of the Army's physical plant is defined as the systematic replacement or renovation of the Army's facilities to current standards to ensure mission accomplishment. As I mentioned earlier, the funding sources for Army revitalization are primarily the OMA and Military Construction, Army (MILCON) appropriations. RDTE, AIF, NAF, host nation support and private sector financed facilities (3rd party arrangements) also support revitalization of utility plants, the industrial base and other associated Army facilities. Revitalization funds basically come from either major maintenance and repair projects or "current mission" construction projects.

The major maintenance and repair projects provide

revitalization through renovation of existing facilities while construction provides revitalization by building new facilities or complete modernization of current assets. Coupled with efficiency and productivity enhancements, innovative business practices, and some financial flexibility from the Congress, additional funding could begin a slow but steady decrease in the backlog. Moreover, added funding would also support Army productivity, morale, recruitment, retention and ultimately, war fighting readiness. Last year additional funds were added to the RPMA program for environmental compliance and for reduction of the backlog. We appreciate the additional funds which will go a long way to attacking a problem that must be resolved in the near future.

SUMMARY

Mr. Chairman, the fiscal year 1991 Army budget for construction is basically a constrained budget that requests \$774,900,000 in Military Construction, Army, \$66,400,000 in Military Construction, Army National Guard, \$59,300,000 in Military Construction, Army Reserve, \$1,554,450,000 in Army Family Housing and \$5,100,000 in Homeowners Assistance Program. This request will support the programs presented by Secretary of the Army and the Chief of Staff, Army, in support of Army, Defense and National initiatives. Our fiscal year 1991 budget emphasizes readiness, training and quality of life programs within fiscal realities. It will continue to send a message to our soldiers, no matter where they live or work, that their government cares. Approval of this request will continue the efforts of the Army to enlist and retain the quality soldier that is essential in this period of force structure changes and to maintain a worldwide operational readiness and fighting ability. This budget will address only the highest priority requirements that will continue to improve our Total Army.

STATEMENT OF

REAR ADMIRAL J. E. BUFFINGTON, CEC, U. S. NAVY
DIRECTOR, SHORE ACTIVITIES DIVISION, OFFICE OF THE
DEPUTY CHIEF OF NAVAL OPERATIONS, LOGISTICS

MR. CHAIRMAN, I AM REAR ADMIRAL JACK E. BUFFINGTON, DIRECTOR, SHORE ACTIVITIES DIVISION, OFFICE OF THE DEPUTY CHIEF OF NAVAL OPERATIONS, LOGISTICS. I APPRECIATE THE OPPORTUNITY TO REPRESENT THE SECRETARY OF THE NAVY AND THE CHIEF OF NAVAL OPERATIONS IN REVIEWING THE NAVY'S FISCAL YEAR 1991 FACILITIES BUDGET SUBMISSION AND THE MANAGEMENT OF THE NAVY'S FACILITY INFRASTRUCTURE. BRIGADIER GENERAL WAYNE T. ADAMS, UNITED STATES MARINE CORPS, WILL REVIEW THE MARINE CORPS PROGRAMS.

FIRST, I WOULD LIKE TO THANK YOU FOR THE STRONG SUPPORT YOU HAVE PROVIDED IN THE PAST YEARS FOR THE NAVY'S FACILITY PROGRAMS. RECEIPT OF MILITARY CONSTRUCTION, FAMILY HOUSING AND MAINTENANCE OF REAL PROPERTY FUNDING IN FISCAL YEARS 1989 AND 1990 AT LEVELS COMPARABLE TO OUR BUDGET REQUESTS HAS ENABLED US TO SLOW THE GROWTH OF OUR BACKLOG OF WORK REQUIRED TO MAINTAIN A MODERN SHORE ESTABLISHMENT. THIS YEAR'S MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS OF \$2.07 BILLION AND MAINTENANCE OF REAL PROPERTY REQUEST OF \$1.04 BILLION ARE SIMILAR TO THE FY 1990 REQUESTS IN THAT THEY ALSO REFLECT RESULTS OF DIFFICULT BUDGET DECISIONS IN A TIME OF CONSTRAINED RESOURCES. THEY THEREFORE INCLUDE ONLY THE HIGHEST PRIORITY REQUIREMENTS. YOUR CONTINUED SUPPORT IS ESSENTIAL TO PROVIDE THE FACILITIES NECESSARY TO ENSURE FLEET READINESS AND AN ADEQUATE QUALITY OF LIFE FOR OUR SAILORS, MARINES, AND CIVILIANS.

BASE CLOSURES AND FORCE STRUCTURE

I STRONGLY SUPPORT SECRETARY CHENEY'S INITIATIVE TO EXPEDITE THE BASE CLOSURE PROCESS TO ENABLE CLOSURES TO BE EFFECTED QUICKLY AND SAVINGS TO BE REALIZED PROMPTLY. SINCE RECENT BASE CLOSURE AND FORCE STRUCTURE ANNOUNCEMENTS BY SECRETARY CHENEY ARE OF CONSIDERABLE CONCERN TO CONGRESS, I WILL BRIEFLY REVIEW THESE ANNOUNCEMENTS RELATIVE TO THE NAVY'S FISCAL YEAR 1991 REQUESTS. THE SEVENTEEN (17) CANDIDATE NAVAL BASES FOR CLOSURE OR REALIGNMENT AND THE ANNOUNCED FORCE STRUCTURE REDUCTIONS BY THE END OF FY 1991 HAVE MINIMAL EFFECT ON OUR FY 1991 REQUEST. WE HAVE FOUR PROJECTS IN OUR BUDGET REQUEST AT CANDIDATE CLOSURE & REALIGNMENT SITES; THE PHALANX SHOP MODERNIZATION AT NAVAL ORDNANCE STATION LOUISVILLE, KENTUCKY; THE ASBESTOS REMOVAL SHOP AT NAVAL SHIPYARD LONG BEACH, CALIFORNIA; THE FIRE STATION ADDITION AT NAVAL AIR STATION SOUTH WEYMOUTH, MASSACHUSETTS; AND THE HOUSING OFFICE AT NAVAL AIR STATION BERMUDA. THE LOUISVILLE, LONG BEACH AND

SOUTH WEYMOUTH PROJECTS ARE REQUIRED TO ELIMINATE SERIOUS PRODUCTION, HEALTH, AND SAFETY DEFICIENCIES, AND WILL BE EVEN MORE CRITICAL IF IT IS DETERMINED AFTER STUDIES ARE COMPLETE THAT THE ACTIVITIES ARE NOT TO BE CLOSED. THE HOUSING OFFICE AT BERMUDA IS STILL REQUIRED EVEN WITH THE PROPOSED REALIGNMENT AT THAT ACTIVITY. FINAL DECISIONS ON THE CLOSURE OR REALIGNMENT OF THESE AND OTHER ACTIVITIES WILL BE MADE AT THE CONCLUSION OF ONGOING STUDIES TO DETERMINE OPTIMUM FACILITY REQUIREMENTS TO SUPPORT REDUCED FORCE STRUCTURE. IN SECRETARY CHENEY'S LETTERS OF FEBRUARY 8, 1990, FORWARDING TO CONGRESS THE PROPOSED FY 1991 MILCON AUTHORIZATION BILL, HE STATED, "THIS DRAFT MILITARY CONSTRUCTION AUTHORIZATION BILL WOULD AUTHORIZE CONSTRUCTION PROJECTS AT INSTALLATIONS THAT I ANNOUNCED AS CANDIDATES FOR CLOSURE OR REALIGNMENT. WHEN FINAL CLOSURE DECISIONS ARE MADE, I WILL ASK FOR APPROPRIATE CHANGES TO OUR REQUEST." ACCORDINGLY, WE SOLICIT YOUR SUPPORT FOR OUR REQUEST PENDING FINAL CLOSURE DECISIONS.

FACILITY MANAGEMENT

LAST YEAR, MY PREDECESSOR, REAR ADMIRAL DOEBLER, ALERTED YOU OF OUR CONCERN OVER LIMITED RESOURCES TO PROVIDE PROPER FACILITY SUPPORT TO THE OPERATING FORCES. SECRETARY CHENEY'S CLOSURE AND REALIGNMENT INITIATIVES WILL CERTAINLY, IN TIME, PROVIDE SOME RELIEF FROM THIS CONCERN; WE, HOWEVER, NEED TO CONTINUE TO MAKE PROGRESS IN IMPROVING OUR FACILITY MANAGEMENT PROGRAMS. EFFECTIVE PROGRAMMING FOR AND EXECUTION OF SCARCE APPROPRIATED FUNDS, SUPPLEMENTED BY PRUDENT USE OF PRIVATE FINANCING IS WHAT WE ARE PURSUING TO ENABLE US TO CONTINUE TO PROVIDE NECESSARY BASE SUPPORT TO THE FLEET.

FACILITY PROGRAMMING

OUR BUDGET REQUESTS WERE DEVELOPED IN CONJUNCTION WITH OTHER NAVY ACCOUNTS SUCH AS AIRCRAFT PROCUREMENT, SHIPBUILDING AND CONVERSION AND RESEARCH AND DEVELOPMENT IN ORDER TO PROVIDE THE OPTIMUM MIX OF FUNDS NECESSARY TO SUPPORT OUR MISSIONS. IN

OUR METHOD OF PROGRAMMING, SENIOR MILITARY OFFICERS ARE RESPONSIBLE FOR ENSURING THAT ADEQUATE RESOURCES ARE AVAILABLE TO ACCOMPLISH SPECIFIC MISSIONS ASSIGNED. THE SPONSOR FOR OUR AVIATION FORCE, FOR EXAMPLE, MUST ENSURE THE PROPER MIX OF APPROPRIATIONS IS BUDGETED TO PROVIDE ADEQUATELY TRAINED PEOPLE AND SUFFICIENT EQUIPMENT AND MATERIAL, AS WELL AS NECESSARY FACILITIES TO ACCOMPLISH THE AVIATION MISSIONS. TO ASSIST SPONSORS IN PRUDENTLY PROGRAMMING LIMITED RESOURCES, WE USE OUR SHORE FACILITIES LIFE EXTENSION PROGRAM TO FOCUS EFFORTS ON REPAIR AND REPLACEMENT OF FACILITIES MOST CRITICAL TO MISSION CAPABILITY. OUR SHORE BASE READINESS REPORTING SYSTEM HIGHLIGHTS THOSE FACILITY PROBLEMS THAT CREATE MARGINAL AND UNSATISFACTORY READINESS RATINGS.

USING THIS SYSTEM, THE SPONSOR IS THEREFORE ABLE TO TARGET LIMITED MILCON AND MAINTENANCE AND REPAIR FUNDS TO REQUIREMENTS IN THOSE CRITICAL AREAS TO LESSEN ADVERSE IMPACTS ON MISSION CAPABILITY.

PRIVATE FINANCING

ALTHOUGH IT IS THE NAVY'S DESIRE TO SATISFY FACILITY NEEDS THROUGH MILITARY CONSTRUCTION, IN SOME INSTANCES, WE FIND IT NECESSARY TO USE FACILITIES CONSTRUCTED WITH PRIVATE RESOURCES. WE HAVE SUCCEEDED IN FULFILLING SOME OF OUR FACILITY NEEDS BY ENTERING INTO LEASE AGREEMENTS WITH PRIVATE PARTIES FOR CERTAIN TYPES OF FACILITIES FOR WHICH LIMITED MILITARY CONSTRUCTION FUNDS CANNOT BE PROVIDED; OR WHERE LAND IS NOT AVAILABLE FOR CONSTRUCTION, SUCH AS IN CERTAIN FOREIGN COUNTRIES. ALTOGETHER, WE ESTIMATE OUR RENTAL PAYMENT FOR LEASES IN FY 91 WILL BE AROUND \$127 MILLION.

OUR LEASES IN THE UNITED STATES HAVE TYPICALLY BEEN FOR FACILITIES SUCH AS ADMINISTRATIVE BUILDINGS AND WAREHOUSES, WHICH HAVE A RELATIVELY LOW PRIORITY FOR SCARCE MILITARY CONSTRUCTION DOLLARS. IN THE UNITED STATES, THIS TYPE OF LEASING IS ACCOMPLISHED FOR US BY THE GENERAL SERVICES

ADMINISTRATION, WHEREAS WE NORMALLY USE 10 USC 2675 AND 10 USC 2828 AUTHORITY TO ENTER INTO OUR OWN LEASES IN FOREIGN COUNTRIES. BECAUSE OF DIFFICULTY IN OBTAINING LAND FOR OVERSEAS CONSTRUCTION, ESPECIALLY IN EUROPE, WE LEASE A VARIETY OF FACILITIES SUCH AS ADMINISTRATIVE BUILDINGS, FAMILY HOUSING AND SCHOOLS.

OVER THE PAST SEVERAL YEARS, WE HAVE DEVELOPED A SUCCESSFUL MEANS OF ACQUIRING RESERVE CENTER FACILITIES THROUGH THE USE OF A LEASE WITH AN OPTION TO PURCHASE. TYPICALLY, WE HAVE ENTERED INTO A FIVE-YEAR LEASE DURING WHICH WE PROGRAM MILITARY CONSTRUCTION FUNDS TO ACQUIRE THE PROPERTY. THIS HAS ALLOWED US TO ACQUIRE EXISTING FACILITIES WHICH ARE MODIFIED TO MEET OUR NEEDS AT A PRICE LESS THAN THE COST OF NEW CONSTRUCTION.

WE ARE CONTINUING TO EXPLORE ADDITIONAL POSSIBILITIES FOR USE OF PRIVATE FINANCING TO PROVIDE NEW FACILITIES NOT AVAILABLE DUE TO LIMITED MILITARY CONSTRUCTION FUNDING. PUBLIC/PRIVATE VENTURES ARE BEING USED TO PROVIDE TIMELY FACILITIES AT LOWER LIFE CYCLE COSTS AND IN SOME INSTANCES SUCH AS OUR PRIVATELY FINANCED GEOTHERMAL PLANTS AND BACHELOR OFFICER QUARTERS, HAVE OR WILL RESULT IN CONSIDERABLE SAVINGS. LEGISLATION YOU HAVE SUPPORTED, AND WE ARE CURRENTLY PURSUING FOR PUBLIC/PRIVATE VENTURE CONTRACTS, INCLUDES 10 USC 2828, LEASING OF MILITARY FAMILY HOUSING; 10 USC 2821, MILITARY HOUSING RENTAL GUARANTEE PROGRAM; 10 USC 2809, TEST OF LONG-TERM FACILITIES CONTRACTS; 10 USC 2812, LEASE PURCHASE OF FACILITIES; 10 USC 2667, GENERAL OUTLEASES; 10 USC 2394, CONTRACTS FOR ENERGY OR FUEL; AS WELL AS OTHER SPECIFIC AUTHORITIES AND CONCESSION AUTHORITY FOR NONAPPROPRIATED FUNDED ACTIVITIES.

WE RECENTLY AWARDED OUR SECOND CONTRACT UNDER 10 USC 2809 AUTHORITY FOR TRANSIENT BACHELOR OFFICER QUARTERS AT NAVAL SUBMARINE BASE, NEW LONDON, CONNECTICUT AND NAVAL EDUCATION AND

TRAINING CENTER, NEWPORT, RHODE ISLAND. THIS INNOVATIVE CONTRACT DOES NOT COMMIT THE GOVERNMENT TO AN ANNUAL OUTLAY OF OPERATION AND MAINTENANCE FUNDS. INSTEAD, IT WILL REDUCE OUR FUTURE OUTLAYS OF PERSONNEL FUNDS BY PROVIDING HIGH QUALITY, TRANSIENT QUARTERS AT RATES CONSIDERABLY LOWER THAN THOSE AVAILABLE IN THE COMMUNITIES. WE ARE IN VARIOUS STAGES IN THE DEVELOPMENT OF NUMEROUS OTHER 10 USC 2809 INITIATIVES AND EXPECT TO HAVE AWARDED BY THE END OF THIS FISCAL YEAR THE FIVE CONTRACTS AUTHORIZED FOR THE NAVY UNDER THE TEST PROGRAM.

OF THE NAVY'S 6200 SECTION 801 BUILD-TO-LEASE UNITS AUTHORIZED UNDER 10 USC 2828, 650 ARE OCCUPIED -300 AT NORFOLK, VIRGINIA; 200 AT MAYPORT FLORIDA; AND 150 AT EARLE, NEW JERSEY; 150 MORE ARE SCHEDULED TO BE COMPLETED AT EARLE BY JUNE 1990; ANOTHER 1800 UNITS ARE UNDER CONTRACT; AND PLANNING EFFORTS ARE UNDERWAY FOR THE 3600 REMAINING UNITS.

TO DATE, NAVY HAS BEEN UNABLE TO ACQUIRE HOUSING THROUGH THE SECTION 802 RENTAL GUARANTEE PROGRAM, 10 USC 2821; HOWEVER, WE ARE CAREFULLY MONITORING THE ARMY'S TEST PROGRAM IN HAWAII FOR POTENTIAL USE AT NAVY LOCATIONS.

WE HAVE THREE PUBLIC/PRIVATE VENTURE CONTRACTS IN OPERATION FOR PURCHASE OF ENERGY UNDER 10 USC 2394 AUTHORITY. IN DECEMBER 1989 WE BEGAN PURCHASING STEAM PRODUCED AT NATURAL GAS-FIRED GENERATION PLANT IN SAN DIEGO, CALIFORNIA, AND A TRASH-FIRED CHARLESTON, SOUTH CAROLINA PLANT. AT CHINA LAKE, WE ARE CONTINUING TO PURCHASE ELECTRICITY PRODUCED FROM THE GEOTHERMAL PLANT THAT BECAME OPERATIONAL IN 1988. COST AVOIDANCES FOR THESE THREE PLANTS ARE EXPECTED TO APPROACH \$15 MILLION THIS FISCAL YEAR. WE HAVE SIX OTHER POTENTIAL PUBLIC/PRIVATE CONTRACTS FOR POWER PLANTS IN VARIOUS STAGES OF DEVELOPMENT. ALSO IN 1989 WE AWARDED OUR FIRST SHARED ENERGY SAVINGS CONTRACTS AT GREAT LAKES, ILLINOIS AND LONG BEACH, CALIFORNIA.

WE ARE ACTIVELY INVOLVED IN CONSUMMATING OTHER

PUBLIC/PRIVATE VENTURE INITIATIVES. THIS FALL WE EXPECT TO OBTAIN THE CITY OF SAN DIEGO'S APPROVAL OF AN AGREEMENT TO DEVELOP AT THE BROADWAY COMPLEX APPROXIMATELY 2.25 MILLION SQUARE FEET OF COMMERCIAL MIXED USE SPACE AND ONE MILLION SQUARE FEET OF NAVY OFFICE SPACE TO BE SUBSIDIZED BY THE COMMERCIAL DEVELOPMENT. HERE IN THE WASHINGTON AREA THE GSA HAS RECEIVED PRELIMINARY PROPOSALS FROM PRIVATE DEVELOPERS FOR APPROXIMATELY THREE MILLION SQUARE FEET OF NORTHERN VIRGINIA OFFICE SPACE FOR NAVY COMMANDS. EVALUATION IS UNDERWAY AND AN AWARD IS EXPECTED IN FISCAL YEAR 1991. WE ARE ALSO PROCEEDING WITH NEGOTIATIONS WITH THE STATE OF HAWAII TO CONSUMMATE AN AGREEMENT FOR THE SALE OF NAVY PROPERTY WITH PROCEEDS BEING USED FOR CONSTRUCTION OF A CAUSEWAY TO FORD ISLAND AND REPLACEMENT FACILITIES AS AUTHORIZED IN THE FY 1990 MILCON APPROPRIATIONS ACT. IN ADDITION, AS AUTHORIZED IN THE FY 1990 MILCON AUTHORIZATION ACT, WE HAVE FINALIZED AN AGREEMENT WITH THE NAVY MUTUAL AID ASSOCIATION TO PROVIDE A 50-YEAR NO-COST LEASE TO THE ASSOCIATION FOR USE OF APPROXIMATELY ONE-THIRD OF A MULTI-PURPOSE BUILDING TO BE BUILT WITH ASSOCIATION FUNDS. CONSTRUCTION IS EXPECTED TO BEGIN THIS YEAR.

MILITARY CONSTRUCTION

OUR FY 1991 NAVY AND MARINE CORPS MILITARY CONSTRUCTION REQUEST OF \$1.113 BILLION IS ONLY SLIGHTLY LESS THAN THE \$1.133 BILLION REQUESTED AND \$1.139 BILLION APPROPRIATED LAST YEAR. THIS REDUCTION REFLECTS THE RESULTS OF DIFFICULT PROGRAMMING DECISIONS. DESPITE DECLINING RESOURCES IN THE DEPARTMENT OF DEFENSE BUDGET, FACILITIES REQUESTS ARE HOLDING STEADY BECAUSE OF URGENT OPERATIONAL NEEDS AND AN AGING SHORE ESTABLISHMENT. WE CONTINUE TO PLACE EMPHASIS ON OUR MOST IMPORTANT PROBLEMS OF REPLACING AND MODERNIZING EXISTING FACILITIES. THIS YEAR, 65 PERCENT OF OUR MILITARY CONSTRUCTION PROJECTS (\$669 MILLION) ARE IN SUPPORT OF CURRENT MISSION REQUIREMENTS, A CONSIDERABLE INCREASE FROM FY 1989 WHEN ONLY 36 PERCENT OF THE PROJECTS (\$518 MILLION) WERE FOR CURRENT MISSION.

OVERSEAS CONSTRUCTION

A VERY SMALL BUT EXTREMELY IMPORTANT PART OF OUR MILITARY CONSTRUCTION PROGRAM THIS YEAR IS FOR OVERSEAS CONSTRUCTION. ONLY \$48.6 MILLION OR 4.8 PERCENT OF OUR PROJECTS ARE FOR OVERSEAS ACTIVITIES. CAREFUL CONSIDERATION WAS GIVEN TO OVERSEAS FORCE LEVELS AS WELL AS BASE RIGHTS AGREEMENTS BEFORE INCLUDING THESE PROJECTS IN OUR BUDGET. THIS MODEST REQUEST IS FOR ESSENTIAL FACILITIES AT ACTIVITIES THAT WOULD BE AMONG THE LAST TO BE CONSIDERED IN AN OVERSEAS DRAWDOWN. OUR CONTINUED PRESENCE AT THESE ACTIVITIES IN GUAM, JAPAN, ICELAND, ITALY, SPAIN AND THE UNITED KINGDOM IS REQUIRED TO SUPPORT OUR FORWARD NAVAL PRESENCE AND MARITIME SUPERIORITY. I REALIZE THAT MAJOR OVERSEAS REDUCTIONS ARE BEING CONSIDERED BECAUSE OF RECENT DRAMATIC CHANGES IN EUROPE. HOWEVER, I REQUEST YOU GIVE CAREFUL CONSIDERATION TO THE CONTINUING NEED FOR THE MINIMUM NUMBER OF OVERSEAS PROJECTS IN OUR REQUEST, AND LEND YOUR SUPPORT FOR THEM.

QUALITY OF LIFE

THE SECRETARIES OF DEFENSE AND NAVY AND THE CHIEF OF NAVAL OPERATIONS HAVE ALL VOICED THEIR BELIEFS ON THE IMPORTANCE OF PROVIDING QUALITY WORKING AND LIVING CONDITIONS FOR OUR PEOPLE. MAINTAINING QUALITY PEOPLE, A KEY TO OUR READINESS, CAN ONLY BE ACCOMPLISHED IF WE PROVIDE THEM AND THEIR FAMILIES THE PROPER QUALITY OF LIFE. OUR ENTIRE MILCON AND FAMILY HOUSING PROGRAM WILL HELP PROVIDE OUR PEOPLE THESE QUALITY CONDITIONS NOT ONLY IN THEIR LIVING AREAS, BUT WHERE THEY TRAIN AND WORK WHEN NOT ON BOARD SHIP. AN EXAMPLE OF OUR EMPHASIS ON QUALITY OF LIFE IN THIS YEAR'S PROGRAM IS THE \$71 MILLION INCREASE IN OUR FAMILY HOUSING MAINTENANCE ACCOUNT TO IMPROVE THE LIVABILITY OF OUR EXISTING HOUSING UNITS. WE HAVE ALSO INCLUDED IN THIS YEAR'S PROGRAM \$134.3 MILLION FOR 1,112 UNITS OF NEW FAMILY HOUSING AND \$83.7 MILLION FOR 3,505 BACHELOR SAILORS AND MARINES.

STRATEGIC HOMEPORTING

THIS YEAR'S NAVY MILITARY CONSTRUCTION AND FAMILY HOUSING REQUEST INCLUDES THE LOWEST AMOUNT IN SUPPORT OF STRATEGIC HOMEPORTING SINCE THE PROGRAM'S INCEPTION IN FY 1986. FUNDING THROUGH FY 1990 TOTALS \$624.2 MILLION FOR MILITARY CONSTRUCTION WITH AN ADDITIONAL \$40.4 MILLION APPROVED FOR FAMILY HOUSING AT NAVAL STATION STATEN ISLAND, NEW YORK. THIS YEAR, WE ARE REQUESTING \$45.4 MILLION, INCLUDING \$19.6 MILLION FOR 150 UNITS OF FAMILY HOUSING AT STATEN ISLAND; \$22.3 MILLION FOR UTILITIES, SITE IMPROVEMENTS AND SUPPORT FACILITIES AT NAVAL STATION EVERETT, WASHINGTON; AND \$3.5 MILLION FOR WHARF UTILITIES UPGRADE AT NAVAL STATION LONG BEACH, CALIFORNIA. THIS WILL PROVIDE US THE NECESSARY FUNDING TO BERTH THE APPROPRIATE COMBAT AND SUPPORT SHIPS AT THESE LOCATIONS.

RELATED FUNDING SCHEDULED TO BE ADDRESSED AT A FUTURE BASE CLOSURE HEARING, IS BEING REQUESTED UNDER THE BASE CLOSURE ACCOUNT. THIS REQUEST INCLUDES ADDITIONAL WORK AT STATEN ISLAND; EVERETT; NAVAL STATION INGLESIDE, TEXAS; AND NAVAL STATION PEARL HARBOR, HAWAII. THE ADDITIONAL WORK AT STATEN ISLAND IS THE RESULT OF THE CLOSURE OF NAVAL STATION BROOKLYN, NEW YORK; AT EVERETT FOR THE CLOSURE OF A PORTION OF NAVAL STATION PUGET SOUND, WASHINGTON; AT INGLESIDE FOR NOT COMPLETING NAVAL STATION GALVESTON, TEXAS; AND NAVAL STATION LAKE CHARLES, LOUISIANA; AND AT PEARL HARBOR BECAUSE OF THE BASE CLOSURE COMMISSION'S RECOMMENDATION NOT TO EXECUTE STRATEGIC HOMEPORTING CONSTRUCTION AT NAVAL STATION, SAN FRANCISCO (HUNTERS POINT), CALIFORNIA.

FUTURE REQUESTS FOR OUR STRATEGIC HOMEPORTING SITES WILL INCLUDE ADDITIONAL REQUIREMENTS UNDER THE BASE CLOSURE ACCOUNT AND ADDITIONAL FOLLOW-ON MILITARY CONSTRUCTION PROJECTS THAT SURVIVE THE NORMAL COMPETITION FOR FLEET RESOURCES, INDEPENDENT OF THE STRATEGIC HOMEPORTING PROGRAM.

TRIDENT

INCLUDED IN OUR REQUEST IN MINIMUM ESSENTIAL SUPPORT OF

OUR TRIDENT D-5 SYSTEM IS \$66.7 MILLION FOR NAVAL SUBMARINE BASE KINGS BAY, GEORGIA AND \$56.5 MILLION FOR STRATEGIC WEAPONS FACILITY PACIFIC, SILVERDALE (BANGOR), WASHINGTON. OUR REQUEST FOR KINGS BAY IS THE LAST MAJOR PROGRAM FOR OUR EAST COAST BASE WHICH WILL REACH ITS INITIAL OPERATIONAL CAPABILITY (IOC) IN APRIL 1990. THE THIRD TRIDENT II SUBMARINE WILL ARRIVE AT KINGS BAY LATER THIS YEAR. AT SILVERDALE, WE ARE REQUESTING OUR FIRST MAJOR INCREMENT TO UPGRADE THE EXISTING ACTIVITY FROM TRIDENT I/C-4 TO TRIDENT II/D-5 CAPABILITY. THE FACILITIES IN THIS REQUEST ARE REQUIRED TO PROVIDE FOR TIMELY DEVELOPMENT OF THE BASE SUPPORT REQUIRED FOR THE SCHEDULED ARRIVAL OF THE FIRST TRIDENT II SUBMARINE IN 1995. YOUR SUPPORT OF OUR TRIDENT PROGRAMS IS ESSENTIAL IF WE ARE TO REALIZE THE MOST COST-EFFECTIVE AND SURVIVABLE ELEMENT OF OUR NATION'S STRATEGIC DETERRENT CAPABILITY.

FAMILY HOUSING

NEXT, I WOULD LIKE TO BRIEFLY DISCUSS OUR FAMILY HOUSING PROGRAM. OUR TOTAL FISCAL YEAR 1991 REQUEST FOR FAMILY HOUSING IS \$904.5 MILLION, A 13 PERCENT INCREASE FROM THE \$798.3 MILLION APPROPRIATED IN FISCAL YEAR 1990.

THE FY 1991 NEW CONSTRUCTION PROGRAM PROVIDES 1,112 NEW UNITS AT FOUR LOCATIONS WITHIN THE UNITED STATES AND TWO ISOLATED LOCATIONS OVERSEAS, NAVAL STATION, GUANTANAMO BAY, CUBA; AND NAVAL AIR STATION, KEFLAVIK, ICELAND. IT ALSO PROVIDES FOR ESSENTIAL SUPPORT FACILITIES AT FOUR LOCATIONS. IN FY 1991, WE INTEND TO INCREASE OUR NEW CONSTRUCTION INITIATIVES TO CONTINUE OUR PROGRAMMING GOAL OF ELIMINATING THE FAMILY HOUSING DEFICIT AND TO REPLACE OLD, WORN-OUT SUPPORT FACILITIES THAT ARE NO LONGER ECONOMICAL TO REPAIR OR RETAIN. LOCATIONS SELECTED FOR NEW CONSTRUCTION ARE IN AREAS WHERE HOUSING IN THE LOCAL COMMUNITY IS NOT AVAILABLE, INSUFFICIENT OR UNAFFORDABLE EVEN WITH VARIABLE HOUSING ALLOWANCES. ADVERSE EFFECTS ON THE MORALE OF OUR PEOPLE, BROUGHT ABOUT BY LACK OF

HOUSING, CAUSE RETENTION PROBLEMS WHICH EVENTUALLY LEAD TO A DIMINISHED READINESS POSTURE.

ALTHOUGH WE ARE STILL PURSUING OUR LONG-TERM PLAN TO ELIMINATE THE FAMILY HOUSING DEFICIT, THE FY 1991 PROGRAM CONTINUES THE EMPHASIS BEGUN LAST YEAR TO TAKE CARE OF OUR CURRENT INVENTORY AND REDUCE THE GROWING BACKLOG OF MAINTENANCE AND REPAIR. WE HAVE INCREASED FUNDING FOR OUR MAINTENANCE PROGRAM BY \$71.0 MILLION FROM \$300.0 MILLION IN FY 1990 TO \$371.0 MILLION FISCAL YEAR 1991, PRIMARILY TO ACCOMPLISH MAJOR REPAIR PROJECTS. FUNDING THIS LEVEL OF EFFORT WILL REDUCE THE NAVY'S BACKLOG FROM THE CURRENT \$777 MILLION TO \$656 MILLION BY THE END OF FY 1991.

OUR PLAN ALSO INCLUDES \$42.4 MILLION FOR THE IMPROVEMENTS PROGRAM TO PROVIDE NAVY AND MARINE CORPS FAMILIES WITH PLACES TO LIVE THAT COMPARE FAVORABLY WITH THOSE FOUND IN THE LOCAL COMMUNITY. THIS PROGRAM IS STABLE COMPARED TO THE AMOUNT APPROPRIATED IN FISCAL YEAR 1990 AND ALLOWS ONLY FOR INFLATION.

OUR LEASING REQUEST INCLUDES \$26.5 MILLION TO SUPPORT OUR BUILD-TO-LEASE PROJECTS THAT I PREVIOUSLY DISCUSSED.

THE OPERATIONS AND UTILITIES ACCOUNTS ARE \$294.5 MILLION IN FISCAL YEAR 1991. THESE ACCOUNTS ARE ALSO STABILIZED, ALLOWING ONLY FOR INFLATION AND NEW UNITS COMING ON LINE. THIS AMOUNT PROVIDES THE MINIMUM AMOUNT REQUIRED TO OPERATE OUR FAMILY HOUSING UNITS.

OPERATIONS AND MAINTENANCE FUNDING

EVEN THOUGH THE BUDGET REQUESTS FOR BASE OPERATIONS SUPPORT (BOS) AND MAINTENANCE OF REAL PROPERTY (MRP) SHOW INCREASES OVER FY 90, SUFFICIENT FUNDING MAY NOT BE AVAILABLE TO PREVENT FURTHER DETERIORATION OF OUR FACILITIES. FUNDING FOR BOS AND MRP HAS DECLINED SINCE THE MID-EIGHTIES IN TERMS OF REAL DOLLARS. THIS DECLINE SHOULD NOT BE CONSTRUED AS A DECLINING NEED FOR ADEQUATE FUNDING FOR DAY-TO-DAY OPERATIONS AND QUALITY FACILITIES. IT REFLECTS RESULTS OF DIFFICULT

BUDGET DECISIONS BETWEEN FLEET OPERATIONS AND LOGISTIC SUPPORT. THE EFFECT OF THIS DECLINE HAS BEEN A NEED TO ENSURE THAT UTILIZATION OF RESOURCES IS OPTIMIZED AND DIRECTED TO THOSE AREAS NECESSARY TO MAINTAIN FLEET READINESS AND AN ADEQUATE QUALITY OF LIFE FOR OUR PEOPLE.

THE NAVY USES ITS SHORE FACILITY LIFE EXTENSION PROGRAM (SHORE FLEP) TO ENSURE THAT SCARCE RESOURCES ARE FOCUSED ON REPAIR AND REPIACEMENT OF THOSE FACILITIES WHICH ARE CAUSING THE GREATEST DETRIMENTAL IMPACT ON READINESS. WE HAVE PRIORITIZED OUR FACILITIES BASED ON THEIR CONTRIBUTION TO FLEET READINESS. WE USE OUR SHORE BASE READINESS REPORTING SYSTEM (BASEREP) TO IDENTIFY THOSE FACILITY CONDITIONS CAUSING UNSATISFACTORY READINESS RATINGS. WE THEN TARGET OUR AVAILABLE RESOURCES, BOTH MRP AND MILITARY CONSTRUCTION, TO CORRECT THOSE CONDITIONS CAUSING THE GREATEST ADVERSE READINESS IMPACT ON THE ABILITY OF OUR SHIPS AND AIRCRAFT TO ACCOMPLISH THEIR MISSIONS.

CONCLUSION

MR. CHAIRMAN, THE REQUEST BEFORE YOU REPRESENTS ONLY THE PROJECTS THAT HAVE SURVIVED IN A VERY COMPLEX, THOROUGH AND COMPETITIVE PROGRAMMING AND BUDGETING PROCESS. THROUGHOUT THE PROCESS AT ALL LEVELS IN THE NAVY, EMPHASIS WAS PLACED ON PROVIDING A BUDGET REQUEST CONSISTENT WITH POTENTIAL FORCE STRUCTURE, BASE CLOSURE, OR BASE REALIGNMENT DECISIONS. EACH OF THE SPECIFIC PROJECTS AND PROGRAM FUNDING LINES WILL CONTRIBUTE TO THE CONTINUED RIGOROUS READINESS REQUIREMENTS OF THE NAVY BY PROVIDING ESSENTIAL FACILITY SUPPORT FOR NEW AND EXISTING MISSIONS. WE URGE YOUR FAVORABLE CONSIDERATION OF THE REQUEST.

STATEMENT OF
BRIGADIER GENERAL W. T. (TOM) ADAMS
UNITED STATES MARINE CORPS
DIRECTOR, FACILITIES AND SERVICES DIVISION
OFFICE OF THE DEPUTY CHIEF OF STAFF
(INSTALLATIONS AND LOGISTICS)

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM BRIGADIER GENERAL W. T. (TOM) ADAMS, DIRECTOR, FACILITIES AND SERVICES DIVISION, INSTALLATIONS AND LOGISTICS DEPARTMENT, HEADQUARTERS, U.S. MARINE CORPS. I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TO REVIEW THE FISCAL YEAR (FY) 1991 BUDGET REQUEST AS IT PERTAINS TO MARINE CORPS MILITARY CONSTRUCTION, FAMILY HOUSING AND REAL PROPERTY MAINTENANCE.

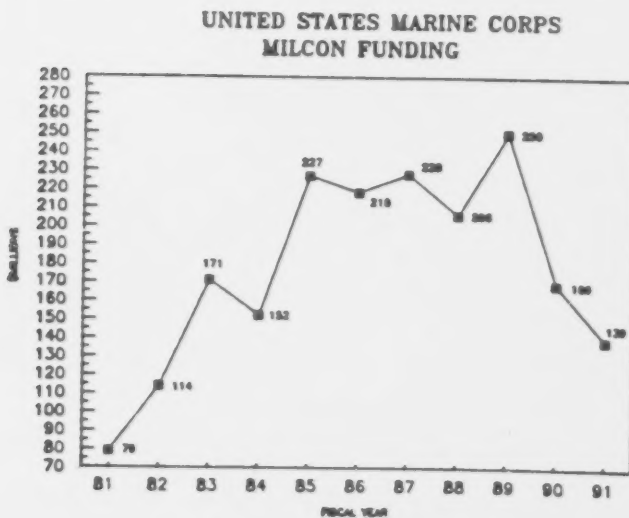
THE LEVELS OF FUNDING FOR MILITARY CONSTRUCTION, FAMILY HOUSING AND RELATED FACILITIES OPERATIONS AND MAINTENANCE ACCOUNTS THAT OCCURRED DURING THE LAST DECADE ALLOWED THE MARINE CORPS TO MAKE UNPRECEDENTED PROGRESS TOWARDS CORRECTING FACILITY DEFICIENCIES. PERHAPS THE AREA OF GREATEST IMPROVEMENT HAS BEEN QUALITY OF LIFE. OVER 38,00 BACHELOR ENLISTED QUARTERS SPACES, OVER 4,000 UNITS OF FAMILY HOUSING AND 34 COMMUNITY FACILITIES HAVE BEEN CONSTRUCTED. LIKEWISE, SUBSTAINABILITY AND QUALITY OF LIFE IN THE WORK PLACE HAVE BENEFITED BY THE CONSTRUCTION OF OVER \$443 MILLION OF AVIATION AND GROUND MAINTENANCE FACILITIES. THERE IS STILL ROOM FOR IMPROVEMENT, BUT THE PROCESS IN THESE PARTICULAR AREAS NOW PERMITS THE MARINE CORPS TO DIRECT ATTENTION TOWARDS OTHER DEFICIENCIES. LOOKING AHEAD, LOWER FUNDING LEVELS WILL ALTER OUR APPROACH TO MILCON PROGRAMMING. DESPITE FISCAL CONSTRAINTS, ANTICIPATED TRAINING AND OPERATIONAL TEMPO WILL REMAIN HIGH. GIVEN THE SUCCESS WE ENJOYED IN PROGRAMMING QUALITY OF LIFE CONSTRUCTION, THE MARINE CORPS CAN NOW AFFORD TO DEVOTE A HIGHER PERCENTAGE OF OUR MILCON DOLLARS TO OPERATIONS AND

TRAINING PROJECTS AND SIMULTANEOUSLY ADDRESS THE REMAINING HABITABILITY AND MAINTENANCE FACILITIES DEFICITS. DURING THE YEARS OF ROBUST DEFENSE SPENDING, WE WERE NEARLY ABLE TO KEEP UP WITH NEW REPAIR REQUIREMENTS AND OUR BACKLOG OF MAINTENANCE AND REPAIR (BMAR) STABILIZED. WE FEEL THAT DURING THIS PERIOD THE CONDITION OF OUR FACILITIES IMPROVED. WHAT NEEDS TO BE REMEMBERED ABOUT MAINTENANCE AND REPAIR IS THAT YOU CONSTANTLY HAVE TO MAINTAIN THE FACILITIES YOU OWN AND EVENTUALLY ALL FACILITIES HAVE TO BE REPAIRED. WE MUST MAINTAIN AND REPAIR OUR FACILITIES SO THE MARINE CORPS CAN CONTINUE TO USE THEM TO PERFORM ITS MISSION.

OUR MILITARY CONSTRUCTION REQUEST FOR FY 1991 OF \$139 MILLION PROVIDES THE FACILITIES NEEDED TO RESPOND TO THE MARINE CORPS HIGHEST PRIORITIES FOR IMPROVING READINESS, AND SUSTAINING OUR FORCES. THE REQUEST IS SMALLER THAN BOTH THE FY 1990 AND FY 1989 SUBMISSIONS. THE REDUCTION SHOULD NOT BE CONSTRUED AS BEING REFLECTIVE OF A DECLINING NEED FOR FACILITIES TO ACCOMMODATE NEW AND CURRENT MISSIONS. IT DOES, HOWEVER, REFLECT THE RESULTS OF DIFFICULT BUDGET DECISIONS. THE KEEN COMPETITION FOR THESE SCARCE RESOURCES HAS HAD THE EFFECT OF PROVIDING FOR ONLY OUR HIGHEST PRIORITY REQUIREMENTS. THE REQUEST CONTINUES EFFORTS INITIATED IN PRIOR YEARS TO SUPPORT BOTH NEW AND EXISTING MISSIONS WITH EMPHASIS BEING PLACED ON PROVIDING FACILITIES THAT PROMOTE PERSONNEL AND MATERIAL READINESS, ENHANCE PRODUCTIVITY, IMPROVE MORALE AND WELFARE, AND PROVIDE THE QUALITY-OF-LIFE IMPROVEMENTS NECESSARY TO ATTRACT AND RETAIN DEDICATED MEN AND WOMEN FOR THE MARINE CORPS. WITH THE SUPPORT OF CONGRESS, WE HAVE MADE SIGNIFICANT IMPROVEMENTS. I WOULD, HOWEVER, BE REMISS IF I FAILED TO POINT OUT THAT WE ARE A LONG WAY FROM ACHIEVING OUR ULTIMATE GOAL - EXCELLENT FACILITIES TO SUPPORT ALL OUR MISSION REQUIREMENTS. YOUR PAST SUPPORT FOR OUR PROGRAM HAS BEEN SUPERB AND WE ARE MOST GRATEFUL. IT REFLECTS YOUR APPRECIATION OF THE RELATIONSHIP BETWEEN EXCELLENT FACILITIES AND WARFIGHTING

CAPABILITY. MODERN ADEQUATE FACILITIES HAVE CONTRIBUTED SIGNIFICANTLY TO IMPROVED MISSION CAPABILITY, PRODUCTIVITY, READINESS AND SUSTAINABILITY AND HAVE HAD A VISIBLE IMPACT ON MORALE AND RETENTION. CHART 1 REFLECTS OUR PROGRAM SINCE 1982 WHEN THE MARINE CORPS ASSUMED RESOURCE SPONSORSHIP FOR MILITARY CONSTRUCTION.

CHART 1

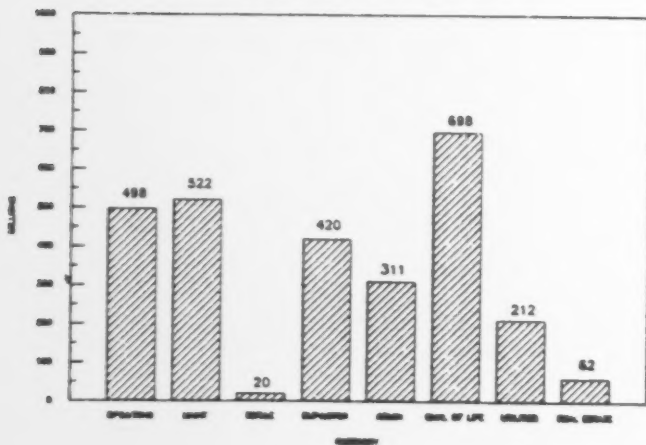


HOWEVER, PROGRAM GROWTH HAS BEEN TEMPORARILY SUSPENDED. OUR FY 1990 MILITARY CONSTRUCTION REQUEST WAS 32.4 PERCENT LESS THAN THE REQUEST SUBMITTED AND APPROVED FOR FY 1989 AND OUR FY 1991 REQUEST DECREASES ANOTHER 18 PERCENT FROM FY 1990. THIS DECREASE SHOULD NOT BE CONSTRUED AS A WEAKENING OF OUR COMMITMENT TO REPLACE AND UPGRADE OUR PHYSICAL PLANT, BUT RATHER IT MAY BE PRINCIPALLY ATTRIBUTED TO THE PRESSURES ON THE MARINE CORPS BUDGET BROUGHT ABOUT BY GENERAL BUDGET REDUCTIONS. WE HOPE TO HALT THIS DECLINE IN FY 1992 AND RESUME AN UPWARD TREND. BECAUSE OF CURRENT BUDGET CONSTRAINTS, WE MUST WAIT TO ADDRESS OUR \$2.8 BILLION FACILITIES BACKLOG, REFLECTED ON CHART 2, FOR BETTER TIMES.

CHART 2

MILCON DEFICIENCY

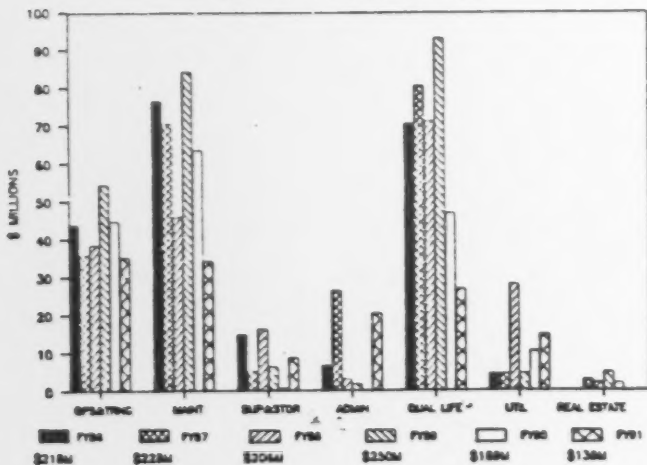
TOTAL (INCLUDES P&D) = \$2.6 BILLION



DESPITE ITS SIZE, THE MARINE CORPS MILITARY CONSTRUCTION PROGRAM CONTINUES TO BE AN INTEGRAL ELEMENT OF OUR COMBINED ARMED FORCES MODERNIZATION AND THE MARINE CORPS REMAINS COMMITTED TO PROVIDING THE EXCELLENT FACILITIES NEEDED TO MEET ALL OUR REQUIREMENTS. THE MARINE CORPS CONSTRUCTION REQUESTS OVER THE PAST FEW YEARS HAVE PROVIDED BALANCED PROGRAMS THAT HAVE BEEN APPLIED AGAINST NEEDED FACILITY IMPROVEMENTS IN OPERATIONS AND TRAINING, MAINTENANCE, SUPPLY AND STORAGE, ADMINISTRATION, QUALITY-OF-LIFE, AND UTILITY SYSTEM UPGRADES AS SHOWN ON CHART 3.

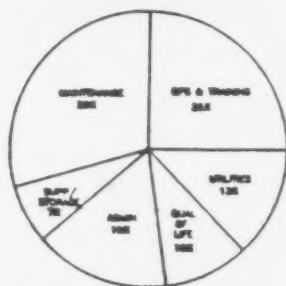
CHART 3

MILCON PROGRAM



IN FY 1991 MILITARY CONSTRUCTION RESOURCES CONTINUE TO BE ALLOCATED TO SUPPORT THE NEW WEAPONS SYSTEMS AND EQUIPMENT FIELDING IN THE EARLY 80'S; TO PROPERLY HOUSE OUR ENLISTED MARINES; TO REPLACE THOSE AGING FACILITIES WHICH ARE BEYOND PRUDENT ECONOMIC REPAIR; AND THEN TO SATISFY OUR EXISTING DEFICIENCIES. THIS BALANCED PROGRAM IS CONSISTENT WITH OUR PAST MANAGEMENT STRATEGY AND IS IN RESPONSE TO THE MARINE CORPS MOST URGENT NEEDS, AS REFLECTED ON CHART 4.

CHART 4
MARINE CORPS
MILITARY CONSTRUCTION (MILCON) DISTRIBUTION
FY91



OUR FY 1991 REQUEST PLACES LESS EMPHASIS ON QUALITY-OF-LIFE PROJECTS BY NECESSITY. DURING THE LAST DECADE THE MARINE CORPS DEVOTED NEARLY 40 PERCENT OF ITS MILITARY CONSTRUCTION BUDGET (\$623 MILLION) TO THE CONSTRUCTION OF OVER 38,000 BACHELOR ENLISTED QUARTERS (BEQ) SPACES, WHICH HAS GONE A LONG WAY TOWARD COMING TO GRIPS WITH OUR DEFICIT. FOR FY 1991, \$6.7 MILLION IS REQUESTED FOR 316 LIVING SPACES, AND \$7.1 MILLION FOR A MESSHALL AND A MUCH NEEDED CLOTHING ISSUE FACILITY FOR ONE OF OUR RECRUIT DEPOTS. ALL OF THESE PROJECTS ARE AN INDISPENSABLE INVESTMENT IN THE FUTURE AND REPRESENT, IN A TANGIBLE WAY, OUR CONTINUED COMMITMENT TO IMPROVE THE QUALITY-OF-LIFE FOR OUR MARINES.

THE INTRODUCTION OF NEW WEAPONS SYSTEMS REQUIRES SUPPORT FACILITIES TO EFFICIENTLY MAINTAIN AND CONSERVE THESE ASSETS.

OUR FY 1991 REQUEST CONTINUES TO PROVIDE THIS SUPPORT TOTALLING \$10.3 MILLION AND CONSISTS OF THREE PROJECTS AT THREE MARINE CORPS ACTIVITIES.

THE AVIATION READINESS PROJECTS FOR FY 1991 INCLUDE: AN AIRCRAFT RINSE FACILITY; AN AVIATION SUPPLY WAREHOUSE; A HANGAR CONVERSION; A WEIGHT HANDLING EQUIPMENT SHOP; AND AN OPERATIONAL/ TRAINING FACILITY.

MAINTENANCE FACILITIES ARE ALSO REQUESTED TO SUPPORT UNITS AT OUR MAJOR GROUND BASES INCLUDING ONE INTERMEDIATE-LEVEL MAINTENANCE FACILITY; A COMMUNICATIONS-ELECTRONIC MAINTENANCE FACILITY, AND TWO TACTICAL VEHICLE MAINTENANCE SHOPS.

OUR 1991 REQUEST AGAIN EMPHASIZES OUR COMMITMENT TO IMPROVING THE OPERATIONAL AND TRAINING ENVIRONMENT FOR OUR MARINES. WE ARE REQUESTING \$34.5 MILLION FOR THE CONSTRUCTION OF OPERATIONAL AND TRAINING PROJECTS AT FOUR MARINE CORPS ACTIVITIES. THESE PROJECTS, ESSENTIAL TO OUR TRAINING AND READINESS, WILL PROVIDE FACILITIES SUCH AS: A MECHANICS TRAINING BUILDING; TWO MILITARY OPERATIONS IN URBANIZED TERRAIN FACILITIES; AND THE MARINE CORPS RESEARCH CENTER.

LASTLY, IS A REQUEST FOR \$49.2 MILLION WHICH WILL PROVIDE: WASTE AND WATER TREATMENT FACILITIES; WATER STORAGE DEVELOPMENT; A REGIONAL AUTOMATED SERVICE CENTER; A HAZARDOUS AND FLAMMABLE STOREHOUSE; A LOGISTICS SUPPORT FACILITY; AND A COMBAT DEVELOPMENT CENTER THAT IS ASSOCIATED WITH OPERATIONS, INTELLIGENCE, AND COMPUTER SUPPORT FUNCTIONS. THESE PROJECTS MAY NOT SEEM VERY GLAMOROUS, BUT THEY ARE ESSENTIAL IN SUPPORTING OUR OPERATING FORCES AND MAINTAINING OUR BASE INFRASTRUCTURE.

MARINE CORPS RESERVE

BEGINNING WITH THE FY 1990 PROGRAM, THE MARINE CORPS ASSUMED

BUDGETING RESPONSIBILITY FOR ITS RESERVE FACILITIES. THIS RESPONSIBILITY CONTINUES INTO FY 1991 AND BEYOND BY THE MARINE CORPS CONTRIBUTING A PORTION OF ITS TOTAL OBLIGATIONAL AUTHORITY TO THE MILITARY CONSTRUCTION, NAVAL RESERVE (MCNR) PROGRAM FOR THE CONSTRUCTION OF MARINE CORPS RESERVE EXCLUSIVE USE PROJECTS. FUNDING OF MARINE CORPS RESERVE EXCLUSIVE PROJECTS HAS VARIED WIDELY OVER THE PAST YEARS. BECOMING OUR OWN RESOURCE SPONSOR HAS ENABLED THE MARINE CORPS TO MORE FULLY ADDRESS OUR RESERVE MILITARY CONSTRUCTION NEEDS, AND HOPEFULLY, WILL LEAD TO INCREASED AND STABLE FUNDING LEVELS. THE FY 1991 PROGRAM WILL FUND ONLY ONE PROJECT, AN ESSENTIAL HANGAR FOR A NEWLY ACTIVATED RESERVE AH-1J HELICOPTER SQUADRON AT MCAS CAMP PENDLETON, CALIFORNIA, FOR \$8.1 MILLION. THE MARINE CORPS PORTION OF THE MCNR BACKLOG HAS BEEN REDUCED FROM \$94.08 MILLION TO \$89 MILLION DUE TO A CONGRESSIONAL ADD TO THE FY 1990 BUDGET OF THE CORROSION CONTROL HANGAR AT STEWART, NEW YORK. BECAUSE OF THIS TYPE OF CONTINUING SUPPORT OF THE RESERVES, WE NO LONGER HAVE UNFUNDED PENDING PROJECTS AT STEWART FOR THE KC-130T SQUADRON.

THERE IS CONTINUED EMPHASIS, AS FUNDING IS AVAILABLE, TO REPLACE AND RENOVATE OUR TRAINING FACILITIES, AS WE HAVE FOUND THAT QUALITY TRAINING FACILITIES DIRECTLY IMPACT ON THE READINESS, RETENTION, AND MORALE OF OUR RESERVE COMPONENT.

FAMILY HOUSING

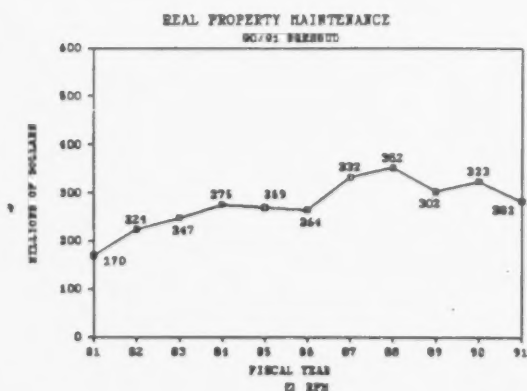
IN RECENT YEARS, THE MARINE CORPS HAS MADE STEADY PROGRESS IN IMPROVING THE QUANTITY AND QUALITY OF OUR FAMILY HOUSING ASSETS. HOWEVER, OUR CONSTRUCTION PROGRAM CANNOT KEEP PACE WITH THE SPIRALING COST OF LIVING IN SOUTHERN CALIFORNIA. YOU RECOGNIZED THIS IN OUR FY 1990 FAMILY HOUSING REQUEST BY ADDING AN ADDITIONAL \$30 MILLION FOR CONSTRUCTION OF 383 HOMES IN SOUTHERN CALIFORNIA. OUR CURRENT HOUSING DEFICIT STILL EXCEEDS OVER 5,000 HOMES IN SOUTHERN CALIFORNIA. THE MARINE CORPS FY 1991 HOUSING PROGRAM IS CONSTRAINED TO \$135.8 MILLION. WE

PROPOSE TO CONSTRUCT 116 FAMILY HOUSING UNITS FOR A TOTAL OF \$11.8 MILLION LOCATED AT CAMP PENDLETON, CALIFORNIA. THE FY 1991 IMPROVEMENTS PROGRAM REQUIRES \$4.5 MILLION, AND OPERATION AND MAINTENANCE COSTS ARE ESTIMATED AT \$118.9 MILLION. INCLUDED IN THE MAINTENANCE COSTS ARE REHABILITATION PROJECTS ON 1,238 HOMES IN FOUR LOCATIONS ESTIMATED AT \$39 MILLION. WE RECOGNIZE THE DIRECT LINK BETWEEN HOUSING PEOPLE WELL AND INCREASING MISSION CAPABILITY. WE WANT TO PROVIDE OUR MARINES WITH THE BASIC HUMAN NEED OF SAFE SECURE HOMES FOR THEIR FAMILIES.

REAL PROPERTY MAINTENANCE (RPM)

OUR RPM REQUEST FOR FY 1991 IS \$282 MILLION. THE PROGRAM IS USED TO MAINTAIN, REPAIR AND MAKE MINOR IMPROVEMENTS TO FACILITIES AND GROUNDS AT OUR MARINE CORPS BASES AND STATIONS. THE RPM PROGRAM REQUESTED WILL PROTECT THE INVESTMENTS WE HAVE MADE IN OUR INFRASTRUCTURE AND ENHANCE THE READINESS AND SUSTAINABILITY OF THE CORPS. EACH BASE WILL HAVE THE FUNDING REQUIRED TO KEEP ITS FACILITIES OPERATIONAL AND HABITABLE FOR OUR MARINES AND THEIR DEPENDENTS.

CHART 5



THE MARINE CORPS RECEIVED A ONE TIME RPM INCREASE IN FY 1990 OF NEARLY \$42 MILLION, AS IS SHOWN ON CHART 5. THIS INCREASE WAS GREATLY APPRECIATED AND WISELY PUT TO USE. IT ALLOWED US TO ACCOMPLISH PRIORITY LARGE SCALE PROJECTS IN SUCH AREAS AS

OPERATIONS, INFRASTRUCTURE, AND ENVIRONMENTAL.

THE FY 1991 PROGRAM IS A DECREASE FROM 1990 AS IS SHOWN ON CHART 5. THIS REFLECTS THE OMISSION OF THE ONE TIME PLUS UP.

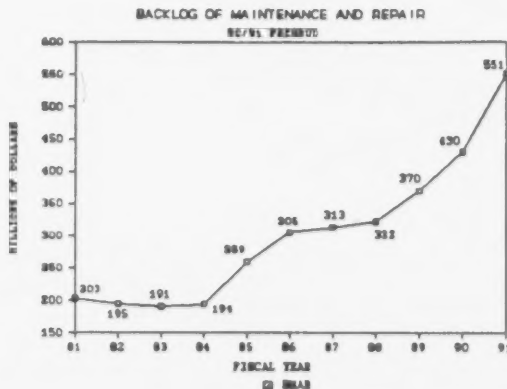
THE FY 1991 LEVEL OF FUNDS IS IN RESPONSE TOTAL OVERALL O&MMC FUNDING DECREASE, IN REAL TERMS, AND DOES NOT REFLECT A LACK OF COMMITMENT TO PROVIDING FACILITIES SUPPORT TO OUR MARINES.

BACKLOG OF MAINTENANCE AND REPAIR

DUE TO OUR INABILITY TO FUND EVERY PROJECT, CERTAIN PROJECTS ARE BACKLOGGED. IN SELECTING PROJECTS TO EXECUTE, EMPHASIS IS PLACED ON OUR OPERATIONAL, TRAINING, ENVIRONMENTAL, UTILITY AND QUALITY OF LIFE TYPE PROJECTS, SUCH AS, TROOP MESSING AND HOUSING.

THE BACKLOG OF MAINTENANCE AND REPAIR IS A RELATIVE INDICATOR OF THE CONDITION OF OUR FACILITIES. IN THEORY, MAINTENANCE AND REPAIR REQUIREMENTS ARE CONSISTENT OVER TIME. INCREASES ARE GENERATED BY INFLATION, WHEN NEW PLANT IS BROUGHT ON LINE OR BY THE INCREASED AGE OF THE FACILITIES. IN PRACTICE, THE EMPHASIS ON INSPECTION OF OUR FACILITIES AND QUALITY-OF-LIFE FOR OUR MARINES ALSO PLAYS A ROLE. THE BETTER THE INSPECTION, THE MORE REQUIRED REPAIRS IDENTIFIED. THIS, IN PART, ACCOUNTS FOR THE INCREASE IN BMAR DURING THE 1980's. WE FEEL THAT EVEN THOUGH BMAR IS INCREASING, THE CONDITION OF OUR FACILITIES IS BETTER NOW THAN IN THE EARLY 1980's, BECAUSE THE BACKLOG PROJECTS ARE NOT MISSION CRITICAL.

CHART 6



AS IS SHOWN ON CHART 6, THE RPM BACKLOG WILL REACH \$551 MILLION IN FY 1991. EVEN WITH THIS GROWTH, OUR BACKLOG IS MANAGEABLE. WE ARE INSURING THAT THE MOST URGENT PROJECTS ARE EXECUTED AND THE PROJECTS WITH THE LEAST OPERATIONAL IMPACT ARE BACKLOGGED. WE ARE ACCOMPLISHING THIS OBJECTIVE BY PRIORITIZING LARGE PROJECTS AT MARINE CORPS HEADQUARTERS AND BY PROVIDING ADEQUATE ROUTINE MAINTENANCE FUNDING TO THE BASE COMMANDERS SO THE DETERIORATION OF OUR FACILITIES WILL NOT ACCELERATE.

SUMMARY

MR. CHAIRMAN, IN SUMMARY, PERMIT ME TO EMPHASIZE AGAIN OUR APPRECIATION FOR THIS COMMITTEE'S CONTINUED SUPPORT. THE MILITARY CONSTRUCTION, FAMILY HOUSING AND REAL PROPERTY MAINTENANCE PROGRAMS FOR FY 1991 REPRESENT THE MARINE CORPS ASSESSMENT OF REQUIREMENTS AND RELATIVE PRIORITIES NEEDED TO BEST CARRY OUT MISSION RESPONSIBILITIES. OUR PROGRAMS ARE VERY MODEST, BUT WELL STRUCTURED AND ARE THE RESULT OF A CAREFUL, WELL REASONED, AND THOROUGH DECISION PROCESS BASED ON OUR BEST JUDGMENT AND OPERATIONAL EXPERIENCE. THEY PLACE HIGH PRIORITY ON READINESS AND SUSTAINABILITY OF OUR FORCES, ENSURE TIMELY SUPPORT FOR FIELDING NEW WEAPONS SYSTEMS, AND CONTINUE OUR COMMITMENT TO IMPROVE THE QUALITY-OF-LIFE OF OUR MARINES AND THEIR FAMILIES WHILE BEING CONSISTENT WITH FISCAL REALITIES. OUR REQUEST PROVIDES A BALANCED PROGRAM, WHICH WE BELIEVE REPRESENTS WHAT IS ESSENTIAL TO SUPPORT MARINE CORPS MISSIONS AND THAT IS RESPONSIVE TO THE GUIDANCE OF THE CONGRESS.

APPROVAL OF THIS REQUEST WILL CONTINUE THE EFFORTS OF THE CONGRESS AND THE MARINE CORPS TO PROVIDE MODERNIZED FACILITIES ENABLING US TO ATTRACT AND RETAIN QUALITY MARINES AND MAINTAIN A HIGH LEVEL OF OPERATIONAL READINESS AND WARFIGHTING CAPABILITY. WE URGE YOUR FAVORABLE CONSIDERATION OF OUR FY 1991 MILITARY CONSTRUCTION REQUEST.

SIR, THIS CONCLUDES MY STATEMENT. I WOULD BE PLEASED TO PROVIDE ANY FURTHER INFORMATION YOU MAY NEED, AND TO ANSWER ANY QUESTIONS WHICH YOU MAY HAVE.

Senator DIXON. Thank you.

Mr. Berteau, if I could begin with our old friend, Crotone, the issue of the NATO proposal to construct an entirely new peacetime operating air base at Crotone has been a matter of continued controversy, as you know, within Congress.

Last year's authorization conference placed a \$360 million cap on the total U.S. contribution to this effort. Since then, legislation has been introduced to delete all funding.

The House Appropriations Committee directed that the Defense Department provide Congress a report on this matter no later than March 1 of this year. To the best of my knowledge, the report has not yet been received.

What is the status of that report? Do you know, Mr. Berteau?

Mr. BERTEAU. It is very close to being sent. My staff and I have reviewed and coordinated on the final version of that. My understanding is it is either with the Secretary or on the way to the Secretary. I would expect that it would be delivered within the next few days.

Senator DIXON. So we can expect to have it within the next week or so?

Mr. BERTEAU. I cannot predict when the Secretary is going to sign it, but it is close enough that that seems reasonable to me. Yes, sir.

Senator DIXON. I think my staff will contact you next week, then, and maybe you can enlighten us further about that.

I believe that our base rights agreement with the Spanish requires a U.S. fighter wing to vacate their premises now by May, 1992. Inasmuch as construction at Crotone has not begun, it seems obvious that the new base will not be ready to accept these aircraft.

So what is the interim basing plan?

Mr. BERTEAU. There is an interim plan. General Ahearn may want to describe that for you, though I am not sure how much of that we can lay out right now. But we recognize that there is a gap.

Senator DIXON. Is that classified?

General AHEARN. Yes, sir. It is classified.

Senator DIXON. Would you be kind enough to supply it for the record, then, on a classified basis?

General AHEARN. Be assured that I will, Senator.

Senator DIXON. Thank you.

[The information follows:]

401ST TFW RELOCATION—INTERIM RELOCATION PLANS

[Deleted.]

Senator DIXON. In light of the disintegration of the Warsaw Pact as a military force and the prospective reduction of U.S. and NATO forces in the administration's own amendment of 30,000 U.S. forces stationed on the NATO flanks, what rationale justifies a U.S. and NATO capital investment of almost \$900 million to build this base?

Mr. BERTEAU. The location of the base and the kinds of missions that it is going to accomplish justify it. Particularly on the south-

ern flank, where it is, makes it incredibly important to whatever residual force we wind up having there in Europe.

General Galvin has testified as to the importance of that. The Secretary will, I think, echo General Galvin's belief that almost no matter how few air bases we wind up having in Europe and in the European theater, this is one that we want to have.

I really cannot go into it, I don't think, much further than that. It may be useful for us to have a subsequent discussion in a classified setting on that, and I would be delighted to participate in that.

Senator DIXON. Thank you.

Did you want to add anything at an open meeting of this kind, General Ahearn?

General AHEARN. Yes, sir.

I might just comment here. The business of our presence there is a NATO presence. This is a NATO decision, made last year, underwritten by the United States. It is a NATO program. It is focused on regional deterrence and stability through the Mediterranean, and it is an outcome of the United States' willingness and desire to continue to lead the Free world in that part of our alliance.

Senator DIXON. Let me change the subject and get back to the GAO, Mr. Berteau.

Do you agree with the GAO that the Defense Department would be well advised to pursue compensation solutions to family housing needs before resorting to construction strategies?

Mr. BERTEAU. I think, as a general principle, I don't have any quarrel with that. I think when we don't pay enough housing allowance, that hurts the member, and we have to be very careful about that. Both of you raised those concerns earlier.

Senator DIXON. Do you think we should be addressing that this year?

Mr. BERTEAU. I'm not sure, given that concept, that the budget request we have is out of balance. That is the point I would make.

It may be true that the housing allowance in general, for all 2 million active duty members, is inadequate and insufficient for their out-of-pocket costs in some areas.

Senator DIXON. If you would permit me to interrupt, do you appear before Senator Glenn's subcommittee, you personally?

Mr. BERTEAU. I do not. The Force Management and Personnel Office does that. I did so before, but I do not any more.

Senator DIXON. I will personally discuss this with the distinguished Senator from Ohio, but I would be pleased if someone would mention to him there has been some discussion about that here.

Mr. BERTEAU. The other side of it, though, with respect to the military construction budget, is most of what we have in the budget is, in fact, maintenance of the existing facilities.

We do not have vacant family housing units that are sitting there, other than those that are in such shape that we literally cannot put people in them. We are not in a situation where we are paying people to live off-base, paying them housing allowances while we have vacant family housing sitting on base. So we are not in a situation where, in my view, even if we raised the housing allowances, we would not be in a situation where our family housing budget would go down much as a result of that.

Senator DIXON. I see. The only thought that occurs to me is aren't we scaling back now on our housing needs in this budget?

Mr. BERTEAU. No question about it. I mean, 1,249 new units is not much when you have a base of 400,000.

Senator DIXON. I suspect we will continue to scale back, that is what we are hearing from all of you. If we do that and we depend more on housing allowances, it might be something we ought to be looking at. I think Senator Glenn, of course, would have to be involved.

Did you want to say something, General?

General AHEARN. I certainly do.

Senator, while we may not be adding to the inventory, the compelling requirement in the Defense Department, as I understand it, certainly in the Air Force, is the revitalization of the existing assets.

I have 140,000 assets in the United States Air Force, and 80,000 of them are out of phase with the times. With the resource that we are dedicating to this effort the revitalization will take us 25 to 30 years to get at all of the 80,000.

So it is that we hesitate to make capital investment to add to the inventory when we have such a stewardship job to complete.

Senator DIXON. Sure. Senator Gorton.

Senator GORTON. I would appreciate it if Admiral Buffington and General Ahearn would speak to me about the contingency plans and options which their respective services have with respect to the very real possibility that they will have to relocate out of the Philippines.

Admiral BUFFINGTON. Sir, we are studying that right now and are taking a very good look at our options. I would say that the majority of that is classified. We would be happy to provide it to you at any point in time. But we are most definitely looking very closely at all of our options right now.

Senator GORTON. Is it something that you believe could be accomplished within a relatively short timeframe should negotiations for base renewals be unsatisfactory?

Admiral BUFFINGTON. Sir, the Philippines is awfully important to us, and we really want to stay there. Both Subic Bay and Clark Air Force Base, to which I can speak, are very needed facilities in that area and ones we have depended on for years and would like to continue to depend on.

Senator GORTON. I understand that, but that is not an answer to the question that I asked.

The question is whether or not you feel that you could, in fact, move and stay intact if those base facility negotiations break down.

Senator DIXON. I want to urge that we not go into this if it is classified. Of course I am sure the Senator would not want to, either.

Senator GORTON. I just want a yes or a no answer on that.

Admiral BUFFINGTON. I would say we are still okay right now, sir. Obviously we will do whatever we have to do in the future, Senator, to make it work.

General AHEARN. Indeed, sir, alternative plans are being established. We are pricing them. This is a question of value, and the difficulty of the ongoing negotiation.

Mr. BERTEAU. Secretary Cheney is clearly committed to having an alternative. We are not going to be in a box where we do not have a viable alternative that will allow us to continue to accomplish a mission that we need to accomplish in the Pacific.

This does not make the task easy. But we are working it very hard.

Senator GORTON. Let me ask each of you, then, the same question with respect to Greece.

General AHEARN. Yes, sir.

Plans are being established——

Senator GORTON. We have just closed down one or two, or are in the process of closing down one or two bases there.

Admiral BUFFINGTON. Yes sir, one Navy and one Air Force. We have already closed those down.

Senator GORTON. What do we have left?

Admiral BUFFINGTON. We have Souda Bay, Crete, as a Navy base, that is still there.

General AHEARN. We have several.

Senator GORTON. Let me ask that question with respect to negotiations in Greece and alternatives.

General AHEARN. Alternatives exist. Plans are being made, things are being priced, value judgments are being studied.

Mr. BERTEAU. The foreign policy sensitivity of those obviously would make it very difficult for us to go into a lot of detail here.

Senator GORTON. Yes, and I am not asking for a lot of detail now.

Let me ask the Army to state, and the testimony which you have here in writing, are the Army's Milcon projections in this budget totally consistent with the plan for downsizing the Army which was announced a week or so ago?

General OFFRINGA. Yes, sir, they are, with two minor corrections. One is some housing improvements at Fort Ord that we will not execute, and there was one overseas project at Camp May that General Galvin has offered up as no longer needed.

Senator GORTON. The other services have not yet come up with plans, such as the Army. But I will assume that changes will be recommended to this Milcon budget which will be consistent with those recommendations when they come forward.

With that, Mr. Chairman, I will turn it back to you.

Senator DIXON. I thank the Senator from Washington.

Mr. Berteau, you said in your testimony that we might have a section 802 program this year. We at this end kind of said we've heard that before—no offense meant.

Mr. BERTEAU. I understand. Yes, sir.

Senator DIXON. Let me try this one on you. At the Department of Defense request, we have modified this authority several times in an attempt to get this program off the ground. But despite, I think, our continued cooperation, there has not been a single project over the 6 years this authority has been available, and we are just wondering why the program is so unsuccessful.

Could you help us with that?

Is there anything further that we ought to be doing?

Mr. BERTEAU. I don't think so, and I will let General Offringa talk about the specific project that we feel we are very close on.

But the removal of the concern over the maintenance default option and the difficulty that any contractor had in getting financing there, which you took care of last year—and, of course, that was finally signed into law late in 1989—as near as I can tell, that removes the last hurdle and we should be able to execute the project.

Senator DIXON. So you think that we can be more successful now with this program?

Mr. BERTEAU. Yes, I think so.

Pete, do you want to talk about the one that you have?

General OFFRINGA. Yes, sir.

I think, in general, when you look at the arsenal of capabilities that we have to provide housing, that the section 802 is probably most applicable in areas that are very high cost and at the upper spectrum of our grade rank. That makes Hawaii an absolutely perfect place to try section 802 because we have a deficit of 4,000 family housing units there. There is a community vacancy rate of less than 1 percent, and we have a lot of higher graded people who are looking for places to live.

Thus, we are going to use Hawaii as our attempt to execute an 802 project. So far, the economics are looking good. We have a place to put it. The location is actually on Marine land. We think we will make it go because of the special situation in Hawaii.

Senator DIXON. I understand that one of the services has proposed applying this authority to the lease-back of existing substandard military family housing as a way to finance its renovation.

Do you believe that is an appropriate application of this authority?

Mr. BERTEAU. I am not prepared to address that at this time.

Senator DIXON. I don't know what service is doing that. Is the Air Force, General?

General AHEARN. I spoke to you about the need to revitalize existing assets. Our objective is to out-lease our existing assets, leverage the real property value of them to an entrepreneur, encourage them to update them. Then our personnel would lease the units at a rate based on housing allowances and the Government would guarantee 97 percent occupancy. Then we would sign a lease-back arrangement with them at a fixed price.

We would do this competitively, and we believe there is a great deal of potential there.

Senator DIXON. As it goes along, we would be interested in hearing, General Ahearn and General Offringa, from both of you about what success you are having under that program, which, to date, has been a sort of unused authority.

Mr. Berteau, the administration, as you indicated, has requested \$460 million in fiscal year 1991 for the U.S. contribution to the NATO infrastructure program. This sum is generally in line with requests over the last several years. Yet, in the interim, the entire European military posture has been thrown into question. What are the force structure and strategy assumptions behind the NATO infrastructure request?

Mr. BERTEAU. There are so few major projects that are caught up in that request right now, when we looked at it, it made sense to

continue doing those. The implication is that with the decline in the size of forward deployed forces in Europe, you would wind up with a potential reduction in the requirement necessary for the NATO infrastructure program.

Intuitively, that makes some sense. But when you look at them on a case-by-case basis, it is entirely conceivable that you are going to continue to wind up with that overall requirement. And, increasingly, NATO funds from the infrastructure program are actually being programmed for projects in the United States. You have Navy maritime patrol aircraft at Brunswick, Maine, and we have NATO infrastructure dollars paying for construction there. Down at Jacksonville, you have some maritime patrol aircraft, and NATO infrastructure dollars are paying for that, and for NATO assigned attack submarines at New London.

So it is certainly reasonable to assume that there will be some continuing NATO infrastructure dollars, as required, over the years.

Senator DIXON. I guess I would only argue about the fact that some dollars would be involved. But just as many?

Mr. BERTEAU. For now we think so. The projects that these are committed for and the NATO infrastructure slices that are being financed in this year's budget request are all certainly essential and important from our perspective and from the overall NATO perspective. NATO has reviewed those recently and have unanimously agreed that they need to be continued.

Senator DIXON. Have the NATO requirements been rationalized to take into account the U.S. and NATO financed facilities which would be freed up by U.S. force reductions?

Mr. BERTEAU. I think it is premature to say that yes, that has been done, although we would be in a position to do that. With respect, for example, to the biggest piece of the NATO infrastructure budget, Crotone, that clearly has been rationalized with respect to any bases that would be freed up. There is no other place where you can do that mission in that area of the theater.

Whether it is possible for there to be some base freed up at some point in the future that would obviate the need for a planned NATO infrastructure expenditure, I am not aware of any. We have looked at that internally. We have not looked at that from a NATO-wide perspective, and we don't yet know what the universe of comparisons would be, what bases we may be walking away from, because we don't have an agreement on European force reductions.

It's a good way to approach it. I think it is a useful way to approach it. It is just premature at this point to be able to get to the specifics of which ones you might think about changing.

Senator DIXON. Switching gears a little bit, may I ask all of you, are the Reserve components limiting facility modernization to installations likely to be needed under worst case force levels? General Offringa?

General OFFRINGA. Sir, I can speak for the Army. We are under continual evaluation on all of the reserve facilities and we are confident that those we have in the program are those that are going to be at places that have long-term tenure.

Senator DIXON. Are all of your Reserve components evaluating potentially excess facilities at active installations to meet their shortfalls or to vacate uneconomic leased facilities?

General OFFRINGA. Sir, I would say again, for the Army, that is something which I think has some great potential. We are looking at this very carefully to make sure that where any base generates acceptable facilities we consider moving out of leased facilities in the area. We are not only looking for the Reserve components, but we are looking for any Army or DOD component that may be in the near area.

Senator DIXON. Admiral Buffington.

Admiral BUFFINGTON. Yes, sir. The Navy is doing the same thing.

Senator DIXON. Does my friend from Washington State have any further questions?

Senator GORTON. No, Mr. Chairman. Thank you.

Senator DIXON. I want to thank you all for coming. Again, we will probably have something for you on Saturday, Mr. Berteau. [Laughter.]

Senator DIXON. Thank you all very much.

Mr. BERTEAU. Thank you, Mr. Chairman.

Senator DIXON. Ladies and gentlemen, our final panel today will revisit an issue which we discussed last year, the renovation of the Pentagon.

Last year, we were not successful in enacting the administration's proposal to transfer the Pentagon from the GSA to the Department of Defense. Since then, at the request of the authorization conference, the issue of the strategy to renovate the Pentagon has been revisited by both these agencies.

Now, it is my understanding that the administration has reaffirmed its intent to transfer this property to the DOD and pursue funding through the Military Construction Account.

I am hopeful that our two panelists will be able to update us on the plans for this important initiative, explain the differences in approach between the two agencies, and outline why the administration, in the face of substantial opposition, has chosen to proceed with its transfer proposal.

May I simply add this before I recognize our two distinguished witnesses. All of you remember the history of this last year. After very extensive hearings, we put this in our authorization bill. It passed the Senate without any difficulty. It had substantial support, I am almost tempted to say almost universal support, in the Armed Services Committee on the House side. But over there, they use some kind of system we are not quite able to understand over here and get all kinds of different jurisdictional committees into the process. Apparently, we wounded a friend over there who had just assumed a chairmanship. I am embarrassed about that, because it wasn't intended. It finally became a whole question of turf, and it became, I think, the last issue before us in a very contentious conference between the two Houses.

It's a miracle that we ever did get a bill last year, considering some of the silly things we were ending up chewing on in the last few weeks. In any event, this fell through the crack, with the understanding that we would revisit if the administration wanted to

this year, and with the understanding that they would work the House.

So I want to say, before I hear this testimony, that we don't have any problem over here, unless there is a difference now in the administration that we have not heard about up until this point in time. I hope people in this room who are working this project know that the problem is satisfying jurisdictional requirements in the House, so that the jurisdictional committee feels that it has had adequate hearings and takes no offense when we ultimately get to conference late in the year. It would be, of course, delightful if the House had in its authorization bill similar provisions to the Senate. That would be delightful, it would save us a lot of trouble.

I hope all of you know if you can get it in the House bill and if you can satisfy the jurisdictional requirements in Government Operations over there, that would be delightful. It will sure save us a lot of work. That is the easy way to do this.

In any event, we are delighted to see Mr. Richard Austin, the Acting Administrator of the General Services Administration, who I hope will shortly be the Administrator, and Mr. David O. Cooke, the Director of Administration and Management, Office of the Secretary of Defense, who are both here today.

STATEMENT OF RICHARD G. AUSTIN, ACTING ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION

Mr. AUSTIN. Mr. Chairman, it is my pleasure to appear before you today. It is a particular pleasure to appear before my senior Senator from Illinois. Thank you for the opportunity.

If I may, Mr. Chairman, with your permission, I have a prepared statement which I would like to submit for the record and make a few brief opening remarks.

Mr. Chairman, we do have a unanimous position, leastwise from the administration, relative to the transfer of the Pentagon. The Department of Defense has been very cooperative with GSA in conducting a very comprehensive assessment of the needs of the Pentagon and how we approach those needs. However, while we may differ in terms of the costs and the timeframe of the project, we do agree that, at this point in time, it would be in the best interests of GSA and certainly in the best interest of DOD to transfer the Pentagon to DOD and allow them to coordinate their own reconstruction and renovation project.

We are talking about a dollar cost of approximately \$1.3 billion. I must commend you, Senator. When I talked with you last year, you said, now Dick, I was saying \$600 million and you said I'm hearing a different figure, and I said, oh, no, I'm sure, Senator, that this is the figure. Well, you were right and I was wrong.

Senator DIXON. Well, that is the first time that that occurred. [Laughter.]

Mr. AUSTIN. You were certainly right. So I commend you on that.

In effect, what we are looking at doing is adding about 1.1 million new square feet of space to the Pentagon and the infrastructure, 440,000 square feet of new space and then recapturing some space within the Pentagon. That will go a long way to reducing some of the obligatory leasing requirements that we have relative

to the Pentagon. The rationale from the administration's perspective as to why to proceed with the transfer basically sets on three areas.

First, there is obviously a security requirement involved in moving in and out of a million square feet of space at a time during the renovation, while still occupying a principal portion of the Pentagon.

Second, there is a requirement, leastwise from GSA, to do considerable renovation funding of some of our other infrastructure projects and to allow the Pentagon to come through GSA now would create an inordinate demand on our already over-obligated Federal Building Fund.

Let me say, however, given our conversations last year and further review, I have to say that GSA probably is somewhat remiss in not having addressed this a long time ago. In fact, last year, I think even Mr. Cooke would admit that I gave him an additional \$8 million to try to facilitate some of the interim kinds of repairs they needed. But that was long overdue. Certainly, I think we have agreed that there is a vital need to do this renovation.

The third area of concern that the administration has in terms of transferring the Pentagon to DOD is that DOD has been paying rent to GSA. We might differ in the sum of how much profit actually has come into the Federal Building Fund. We have identified it at approximately \$180 million. If we do this transfer, they would be able to accomplish the repairs of the Pentagon by the abatement of rent that they would be paying to us out of their own infrastructure funds. So it would actually wind up to be, I believe, a cost saving of about \$300 million over the term of the project, and DOD still would be able to finance the project.

So, to that end, while I still believe, Senator, and have fought on several occasions with OMB and the administration, to allow GSA to meet its obligations to do the renovation, we have collectively taken the position that it is in the best interest to do the transfer, and I do support the transfer at this time.

[The statement of Mr. Austin follows:]

STATEMENT OF
RICHARD G. AUSTIN
ACTING ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION

GOOD MORNING, MR. CHAIRMAN, AND MEMBERS OF THE SUBCOMMITTEE. THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU REGARDING TWO ISSUES; FIRST, THE PLANS TO RENOVATE AND MODERNIZE THE PENTAGON AND TRANSFER ITS CUSTODY AND CONTROL TO THE DEPARTMENT OF DEFENSE (DOD), AND SECOND, REAL PROPERTY DISPOSALS RESULTING FROM BASE CLOSURES AND REALIGNMENTS.

WITH RESPECT TO THE PENTAGON, I WOULD LIKE TO BEGIN BY BRIEFLY SUMMARIZING THE EVENTS OF THE PAST TWO YEARS AND THE RENOVATION AND MODERNIZATION PROJECT PROPOSED FOR THE PENTAGON COMPLEX.

THE PENTAGON IS A UNIQUE AND HISTORIC STRUCTURE. IT WAS BUILT DURING WORLD WAR II IN AN UNPRECEDENTED AND MASSIVE CONSTRUCTION PROJECT. DUE TO ITS HISTORIC AND ARCHITECTURAL SIGNIFICANCE, THE PENTAGON IS CONSIDERED TO BE ELIGIBLE FOR THE NATIONAL REGISTER OF HISTORIC PLACES. TODAY, ALTHOUGH THE BUILDING IS STRUCTURALLY SOUND, IT NEEDS MAJOR RENOVATIONS TO UPDATE ITS MECHANICAL, ELECTRICAL AND PLUMBING SYSTEMS, RELIEVE OVERCROWDING, AND RECONFIGURE SPACE TO MEET DOD'S ORGANIZATIONAL REQUIREMENTS. THE PENTAGON IS A VALUABLE REAL PROPERTY ASSET, AND BOTH DOD AND GENERAL SERVICES ADMINISTRATION (GSA) ARE COMMITTED TO ENSURING ITS PROTECTION AND PRESERVATION.

LAST YEAR, IN THE CONFERENCE REPORT ACCOMPANYING PUBLIC LAW 101-189, THE DEPARTMENT OF DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1990, GSA WAS INSTRUCTED TO CONSULT WITH DOD AND SUBMIT A DETAILED PLAN FOR THE COMPLETE RENOVATION OF THE PENTAGON.

BY SEPARATE ACTION OF THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE ON NOVEMBER 17, 1989, GSA WAS ALSO DIRECTED TO SUBMIT A REPORT OF BUILDING PROJECT SURVEY -- COMMONLY KNOWN AS AN "11(B) REPORT" AFTER THE SECTION OF THE PUBLIC BUILDINGS ACT FROM WHICH IT IS DERIVED -- REGARDING THE NEED AND FEASIBILITY OF REPAIRING AND ALTERING THE PENTAGON TO MEET THE LONG-TERM NEEDS OF THE DEPARTMENT OF DEFENSE.

IN RESPONSE TO THE DIRECTION OF CONGRESS, GSA HAS WORKED CLOSELY WITH THE DEPARTMENT OF DEFENSE TO DEVELOP A COMPREHENSIVE PLAN FOR THE PENTAGON RENOVATION PROJECT. GSA AND DOD FUNDAMENTALLY AGREE ON THE ESTIMATED COSTS AND SCOPE OF THE PROJECT. AS OUTLINED IN THE REPORT OF BUILDING PROJECT SURVEY, WHICH WAS SUBMITTED IN MARCH, WE HAVE DEVELOPED A PROPOSAL FOR NEW CONSTRUCTION AND RENOVATION. IT IS THE POSITION OF GSA AND DOD THAT THE 11(B) REPORT FULFILLS THE REQUIREMENTS FOR SUBMITTING A "DETAILED PLAN".

I ASK PERMISSION TO SUBMIT FOR THE RECORD BOTH THE 11(B) AND A PENTAGON RENOVATION CONCEPT PAPER.

BRIEFLY, THE PROPOSAL CONSISTS OF THREE PARTS:

(1): CONSTRUCTION OF A NEW SERVICE BUILDING AS AN EXTENSION TO THE PENTAGON. THIS WOULD PROVIDE A 450,000 SQUARE FOOT EXTENSION TO ALLOW THE CONSOLIDATION OF THE LOGISTICS SUPPORT ACTIVITIES (SUCH AS PRINT SHOPS AND LABORATORIES) NOW HOUSED IN THE PENTAGON ITSELF. LIGHT INDUSTRIAL FUNCTIONS AND MOTORIZED VEHICLES WOULD BE ELIMINATED FROM THE MAIN BUILDING, AS WOULD THE LOADING DOCKS FROM THE SOUTH FACE OF THE BUILDING. THIS EXTENSION WOULD BE CONNECTED TO THE PENTAGON BUILDING ITSELF BY UNDERGROUND TUNNEL, BUT COULD ALSO BE ACCESSED AT GROUND LEVEL.

(2): RENOVATION AND MODERNIZATION OF THE PENTAGON BUILDING ITSELF. THIS WORK WOULD BE ACCOMPLISHED IN FIVE PHASES, EACH ENTAILING THE COMPLETE RENOVATION OF ONE CORNER WEDGE OF THE PENTAGON BUILDING. FOLLOWING DEMOLITION OF ALL BUT THE SHELL, SLABS AND WEIGHT-BEARING WALLS, COMPLETELY NEW ELECTRICAL, HEATING, VENTILATION, AIR CONDITIONING AND LIFESAFETY SYSTEMS WOULD BE INSTALLED. IN ACCORDANCE WITH MODERN OFFICE STANDARDS, ELEVATORS AND ESCALATORS WOULD BE INSTALLED TO REPLACE THE SYSTEM OF RAMPS NOW IN THE BUILDING.

(3): REPLACEMENT OF THE EXISTING HEATING PLANT WITH A NEW PLANT. CONCURRENT WITH THE RENOVATION AND MODERNIZATION OF THE PENTAGON, INSTALLATION OF ALL NEW CHILLED WATER AND STEAM GENERATING EQUIPMENT, PLUS AUXILIARIES, IS PLANNED. THE NEW PLANT WOULD BE ABLE TO ACCOMMODATE FUTURE REQUIREMENTS ANTICIPATED BY DOD.

GSA HAS EVALUATED EXTENSIVELY THE THREE-PART PROPOSAL, AND WE RECOMMEND IT AS A VIABLE PLAN TO MEET THE LONG-TERM REQUIREMENTS OF THE DEPARTMENT OF DEFENSE.

ULTIMATELY, THE RENOVATION WILL CREATE AN ADDITIONAL 1.15 MILLION SQUARE FEET IN THE PENTAGON BUILDING. WHILE A PORTION OF THAT SPACE WILL BE USED TO ALLEVIATE OVERCROWDING IN THE PENTAGON, MOST OF IT WILL BE USED TO HOUSE DEFENSE ACTIVITIES NOW LOCATED IN LEASED SPACE. IT IS EXPECTED THAT THE RENOVATION AND MODERNIZATION PROJECT WILL ALLOW 3,000 TO 5,000 ADDITIONAL EMPLOYEES TO BE HOUSED AT THE PENTAGON.

THE RENOVATION AND MODERNIZATION PLAN ALSO ENSURES THE PRESERVATION AND ENHANCEMENT OF A VALUABLE REAL PROPERTY ASSET TO THE FEDERAL GOVERNMENT.

IT IS THE POSITION OF THE ADMINISTRATION THAT CUSTODY, JURISDICTION AND CONTROL OF THE PENTAGON SHOULD BE TRANSFERRED TO THE DEPARTMENT OF DEFENSE AND THAT DOD SHOULD HAVE THE SOLE RESPONSIBILITY FOR THE FUNDING AND EXECUTION OF THE PROPOSAL OUTLINED IN THE REPORT.

THERE ARE TWO PRINCIPAL REASONS FOR THE TRANSFER. FIRST, A SIGNIFICANT DEMAND ON THE FEDERAL BUILDINGS FUND SUCH AS RENOVATION OF THE PENTAGON WOULD OCCUR AT A TIME WHEN THERE WILL BE MANY COMPETING DEMANDS ON THE FUND. TRANSFER AND RENOVATION UNDER DOD WOULD FREE RESOURCES TO ADDRESS RENOVATION AND NEW CONSTRUCTION NEEDS FOR OTHER HOUSED FACILITIES IN THE GSA INVENTORY.

SECOND, THE RENOVATION AND MODERNIZATION OF THE PENTAGON BUILDING WILL CREATE UNIQUE SECURITY PROBLEMS, AND THE LOGISTICAL DIFFICULTIES INHERENT IN ANY MAJOR RENOVATION WILL BE COMPLICATED BY THE EXTREMELY HIGH SENSITIVITY OF THE BUILDING TENANTS. CONTINUAL MILITARY READINESS MUST BE MAINTAINED AT THE FOCAL POINT OF OUR NATIONAL DEFENSE.

I WOULD NOW LIKE TO ADDRESS THE COMMITTEE'S REQUEST FOR COMMENTS REGARDING CURRENT AND PROPOSED PROPERTY DISPOSAL PROCEDURES ASSOCIATED WITH THE DEPARTMENT OF DEFENSE'S (DOD'S) LEGISLATIVE PROPOSAL FOR THE CLOSURE AND REALIGNMENT OF MILITARY BASES. THE GENERAL SERVICES ADMINISTRATION (GSA) GENERALLY IS THE AGENCY RESPONSIBLE FOR THE UTILIZATION AND DISPOSAL OF FEDERAL REAL ESTATE. IN ACCORDANCE WITH THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, AS AMENDED (PROPERTY ACT), GSA IS VESTED WITH THE RESPONSIBILITY FOR ADMINISTERING AN ECONOMICAL AND EFFICIENT SYSTEM FOR THE FEDERAL GOVERNMENT TO PROMOTE THE MOST EFFECTIVE USE OF REAL PROPERTY BY EXECUTIVE LANDHOLDING AGENCIES AND THE ORDERLY DISPOSITION OF REAL PROPERTY

NO LONGER REQUIRED BY THE GOVERNMENT.

UNDER NORMAL PROCEDURES, PROPERTY REPORTED AS EXCESS TO THE NEEDS OF A PARTICULAR FEDERAL AGENCY IS FIRST SCREENED TO ASCERTAIN WHETHER A FURTHER FEDERAL NEED EXISTS FOR ITS USE. ALSO IN ACCORDANCE WITH THE PROVISIONS OF TITLE V OF THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT, FEDERAL PROPERTIES DETERMINED SUITABLE ARE MADE AVAILABLE FOR HOMELESS ASSISTANCE PURPOSES.

IN THE ABSENCE OF THE ABOVE NEEDS, SALES MAY BE NEGOTIATED WITH STATE AND LOCAL GOVERNMENTAL BODIES WITHOUT USE RESTRICTION ON THE BASIS OF THE ESTIMATED FAIR MARKET VALUE OF SURPLUS PROPERTY. DEPENDING ON THE HIGHEST AND BEST USE OF THE PROPERTY, ELIGIBLE STATE AND LOCAL GOVERNMENTAL BODIES AND NONPROFIT INSTITUTIONS MAY HAVE AN OPPORTUNITY TO APPLY FOR THE ACQUISITION OF THE PROPERTY AT NO COST OR AT A SUBSTANTIAL MONETARY DISCOUNT FOR RESTRICTED LOCAL PUBLIC PURPOSES. ELIGIBLE PUBLIC USES INCLUDE PUBLIC PARK AND RECREATION, HISTORIC MONUMENT, PUBLIC AIRPORT, HEALTH, EDUCATION, CORRECTIONAL FACILITY, HIGHWAY, AND WILDLIFE CONSERVATION. PROPERTY WHICH IS NOT NEEDED FOR FURTHER FEDERAL PURPOSES AND WHICH IS NOT TRANSFERRED FOR NON-FEDERAL PUBLIC PURPOSES IS GENERALLY OFFERED FOR SALE TO THE PUBLIC THROUGH COMPETITIVE BID OFFERINGS AND PUBLIC AUCTIONS.

PROPERTY DISPOSALS RESULTING FROM BASE CLOSURES AND REALIGNMENTS UNDER BOTH THE DEFENSE AUTHORIZATION AMENDMENTS AND BASE CLOSURE AND REALIGNMENT ACT OF OCTOBER 24, 1988 (PUBLIC LAW 100-526), AND DOD'S PENDING LEGISLATIVE PROPOSAL GENERALLY FOLLOW THE PROCEDURES DESCRIBED ABOVE. THE STATUTE DIRECTS THE SECRETARY OF DEFENSE, PRIOR TO ANY ACTION BEING TAKEN WITH RESPECT TO THE DISPOSITION, TO SCREEN PROPERTIES WITHIN DOD. THE SECRETARY MAY TRANSFER PROPERTY WITHIN DOD WITHOUT REIMBURSEMENT BUT MUST GIVE PRIORITY TO ANY DOD DEPARTMENT AGREEING TO PAY FAIR MARKET VALUE

FOR THE PROPERTY. HOWEVER WITH THE EXCEPTION OF GRANTING DOD PRIORITY WITH REGARD TO TRANSFERS, DISPOSALS MUST BE CARRIED OUT IN ACCORDANCE WITH GOVERNMENTWIDE REAL PROPERTY UTILIZATION AND DISPOSAL PROCEDURES.

PUBLIC LAW 100-526 REQUIRES THE ADMINISTRATOR OF GENERAL SERVICES TO DELEGATE HIS EXCESS AND SURPLUS UTILIZATION AND DISPOSAL FUNCTIONS TO THE SECRETARY OF DEFENSE. THE DELEGATION OF AUTHORITY, EXECUTED ON MARCH 10, 1989, IS LIMITED TO MILITARY INSTALLATIONS IDENTIFIED BY THE COMMISSION ON BASE REALIGNMENT AND CLOSURE. PROCEEDS FROM THESE REAL PROPERTY DISPOSALS ARE DEPOSITED IN THE DEPARTMENT OF DEFENSE BASE CLOSURE ACCOUNT. OUT OF THE ACCOUNT, THE SECRETARY MAY COVER EXPENSES NECESSARY TO IMPLEMENT CLOSURES SUCH AS ACQUIRING LAND, CONSTRUCTING REPLACEMENT FACILITIES, PROVIDING ECONOMIC ADJUSTMENT AND COMMUNITY PLANNING ASSISTANCE, AND ENVIRONMENTAL RESTORATION.

THE DISPOSAL PROCESS ASSOCIATED WITH DOD'S CURRENT LEGISLATIVE PROPOSAL FOR THE CLOSURE AND REALIGNMENT OF MILITARY BASES FOLLOWS THAT CONTAINED IN PUBLIC LAW 100-526. HOWEVER, THERE ARE SOME DIFFERENCES BETWEEN THE EXISTING BASE CLOSURE ACT AND THE PROPOSED LEGISLATION. UNDER THE PROPOSED BILL, DOD, RATHER THAN A COMMISSION, WOULD IDENTIFY CLOSURE AND REALIGNMENT PROPERTIES. WHILE LIMITED UNDER THE EXISTING ACT, DOD WOULD BE GRANTED PERMANENT DISPOSAL AUTHORITY FOR BASE CLOSURES AND REALIGNMENTS UNDER THE PROPOSED LEGISLATION.

TIMEFRAMES ARE ALSO DIFFERENT. UNDER EXISTING 10 U.S.C. 2687, THE SECRETARY MUST NOTIFY CONGRESS OF ANY PROPOSED CLOSURES OR REALIGNMENTS DURING HIS ANNUAL REQUEST FOR AUTHORIZATION OF APPROPRIATIONS. PUBLIC LAW 100-526 STREAMLINED THE CONGRESSIONAL NOTIFICATION AND APPROVAL PERIOD AND SPECIFICALLY REQUIRES THAT DISPOSAL ACTIONS BE COMPLETED BY SEPTEMBER 30, 1995. THE

PROPOSED BILL WOULD ALLOW CONGRESSIONAL NOTIFICATION AT ANY TIME AND CONTAINS NO SPECIFIC TIMEFRAMES WITH REGARD TO CARRYING OUT DISPOSALS. WITH REGARD TO PROCEEDS, THE PROPOSED BILL WOULD PERMANENTLY ESTABLISH THE BASE CLOSURE ACCOUNT.

UNDER BOTH THE EXISTING AND THE PROPOSED BASE CLOSURE INITIATIVES, GSA PROVIDES TECHNICAL ADVICE TO THE SECRETARY OF DEFENSE WITH REGARD TO THE APPLICABILITY OF LAWS AND REGULATIONS TO PLANNED DISPOSAL ACTIONS. ALSO, UPON REQUEST, GSA MAY PROVIDE PROPERTY MANAGEMENT OR DISPOSAL SERVICES ON A REIMBURSABLE BASIS. IN THIS CONNECTION, GSA HAS ENTERED INTO MEMORANDA OF AGREEMENT TO PROVIDE TECHNICAL AND ADMINISTRATIVE ASSISTANCE ON A COST REIMBURSABLE BASIS.

THAT CONCLUDES MY OPENING STATEMENT. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS THE COMMITTEE MAY HAVE.

Senator DIXON. We thank you very much, Mr. Austin. Mr. Cooke.

STATEMENT OF D.O. COOKE, DIRECTOR, ADMINISTRATION AND MANAGEMENT, OFFICE OF THE SECRETARY OF DEFENSE

Mr. COOKE. There is almost nothing that I can disagree with in the statement made by my good friend, and I certainly share your hope that he will be the Administrator of GSA in the near future.

I think Mr. Austin has detailed the reasons for the administration's position. We agree completely between us on the need for renovation of the Pentagon. It is in rather sad shape.

We have a "horror board" that we brought in for you. These items are parts that we plucked out from the operating Pentagon (indicating) in the last couple of weeks. It will show you some of the deterioration that has taken place.

There is no question but that the building is in bad shape. There are some differences of opinion about how long it is going to take to renovate the building. These are professional differences as to the amount of time to complete the renovation. I think the Corps of Engineers and GSA engineers differ by a matter of a couple of years. But those are differences in professional estimates of completion time, not as to the need, as to what has to be done.

We jointly signed the reports furnished to this and other cognizant committees, the 11(b) report, and there is no issue there.

I would add one additional reason for our interest in taking over the building. The track record of GSA, for one reason or another, since the establishment of the Federal Buildings Fund, has not in-

spired a great deal of confidence in us as to GSA fully carrying through the renovation, particularly since the Administrators turn over quite often. If Dick were to stay here for the 14 years, why I would be much more confident.

Senator DIXON. Well, as a partisan, I wish Dick well. But I don't know that I wish him that well. [Laughter.]

Mr. COOKE. I don't think he would wish that for himself, either.

A second reason is the management split, which now requires us to go through two different chains, two command levels. We have to deal with the GSA region and for some of the things we need, deal with the GSA Headquarters. We both prepare budgets. We get into problems about what is above-standard at times with some of the projects. This just adds an additional, and in our judgment, an unnecessary, management/supervisory layer to the operation of the building.

Senator DIXON. Now, of course, Mr. Cooke, I agree with all of that and you are singing here to the choir. But the only point I want to make to you, quite obviously, is to be sure to get over to Government Operations as soon as you can and let them go over this pretty thoroughly so that nobody accuses us of not recognizing the jurisdictional importance of these matters in the House. Then I would think that, after you have done that, it is time to go to Les Aspin, the distinguished chairman of the House Armed Services Committee, and say that you have had the clearance. It would be a delight to this Senator if we could have it in the House bill as well, so we don't have to conference this issue again.

I think we spent more time on this issue in the conference than on anything else last year, although that might be a bit of an exaggeration, another one was the penitentiary matter. [Laughter.]

Mr. COOKE. We have been briefing the staff of the House committees and have made two appearances on the House side so far. I would hope to get to see the chairman to whom you refer sometime in the next week or so, to talk with him about the transfer and the renovation.

[The statement of Mr. Cooke follows:]

STATEMENT BY D. O. COOKE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
OFFICE OF THE SECRETARY OF DEFENSE

Mr. Chairman, members of the Subcommittee, I am pleased to appear before you today and discuss the status of the plans for the renovation of the Pentagon and the Administration's proposal to transfer the Pentagon Reservation to the Department of Defense.

As you know, the Administration, as part of last year's Defense Authorization Act, requested legislation that would transfer the Pentagon to the Department of Defense. This request was deferred, without prejudice, pending the development of a detailed plan for the complete renovation of the Pentagon. The Conference Report also stated that unless the Armed Services Committees of the Senate and the House of Representatives are satisfied with the progress along this route by April 15, 1990, the transfer of the Pentagon Reservation to DoD control will be addressed in the defense authorization bill for fiscal year 1991.

The plan required by the Conference Report was submitted on March 15, 1990 to the Committees on Armed Services of the United States Senate and House of Representatives. The cover letter submitting the plan by the Acting Administrator of General Services, which I co-signed, stated in part ... "It is the position of the Administration that the Pentagon reservation be transferred to DoD." As an additional note, on February 28, 1990, before the Public Works Committee of the House of Representatives, Subcommittee on Buildings and Grounds, the Acting Administrator of General Services testified to this effect.

As for the renovation, DOD has considerable momentum and we will move forward with the design effort (through the Corps of Engineers, the designated design and construction agent) as outlined below:

Pentagon Renovation

A Concept plan for the renovation has been completed and this plan forms the basis for more detailed studies and analyses.

An Architect/Engineer (A/E) has been selected for developmental design (major building systems prototypical design, block heating and air-conditioning loads, prototypical design of office and special areas, establishment of standards and criteria, more detailed swing space analysis, refinement of construction phasing and concept plan, feasibility and design development of the logistics support extension).

This same A/E firm will also serve as the managing A/E for the life of the renovation to ensure uniformity of the design efforts of other A/E firms and to provide continuity throughout the renovation process.

In-house refinement of the recommended concept plan is underway. This refinement will change the funding profile approved in the last 5 year Defense plan. The adjusted renovation plan will be submitted for the next 5 year Defense plan (FY 92 - FY 97).

Our most current thinking on the renovation (not yet reflected in DOD budget plans) is to:

- Construct a logistics support extension out from the Mall Terrace and depressed below the elevation of Washington Boulevard. This extension could be as much as 450,000 square feet depending on engineering studies of ground water and other constraints. This proposed extension would house light industrial functions (Defense Printing, shops, Post Office, loading docks and the like) and will greatly improve the security and environmental conditions of the Pentagon.

- The vacated space in the Pentagon would be used for swing space in order to clear a wedge of the building for renovation. The use of the vacated space in the Pentagon would significantly decrease the need to lease swing space.

- The renovation would then proceed around the building a wedge at a time. The construction duration for the renovation is estimated at eight years with the overall total project duration estimated at eleven years from now.

Heating and Refrigeration Plant

A Design Development study has been completed, a third party study has been completed, and a cogeneration study has been completed. Based on these studies, a new plant constructed by the Government is recommended as the best solution.

A separate A/E firm has been selected to design the new plant; the design contract is under negotiation and an award could be made shortly. The FY 90 budget includes \$4 million for design and the construction funding is planned for FY 92 at \$63 million.

FY 1991 Budget Request

The FY 1991 Budget includes a request for \$10,000,000 in planning and design funds for the renovation of the Pentagon.

Initial, order of magnitude preliminary estimates show that the cost of operating, maintaining and protecting the Pentagon Reservation along with the cost of a new Heating Plant and the renovation of the Pentagon would be covered by the amount that DOD would have paid to GSA in about 14 years. This means that although the renovation would require MILCON funding during the construction period, the actual cost to DOD will not be greater than what would have been paid to GSA over the period, regardless of whether or not that agency performed any renovation. Another way of looking at it is that although we will request funds in a different pattern and for different accounts, the end result will be a total appropriation equal to what would have been appropriated had the building remained with GSA.

Mr. Chairman, I know everyone here may have heard about the deplorable conditions of the Pentagon (with some of us experiencing them on a daily basis), but I want to describe briefly for the record the problems of the building.

Conditions at the Pentagon

Even though the Department paid GSA in the neighborhood of \$200 million more than the basic cost of operating, maintaining and protecting the Pentagon Reservation, GSA, for a number of reasons, did not commit additional funds for appropriate maintenance or renovation. As a consequence, the 48 year old

building is suffering from decades of neglect and poor maintenance.

Many building systems have deteriorated beyond the point of economical repair and will require total replacement. None of the major building support systems have ever been replaced or significantly upgraded. The electrical, heating, ventilating and air-conditioning and plumbing systems need to be replaced to ensure services are provided to the building, to bring the systems up to modern standards, and to provide for increasing loads. Exterior repairs and window replacement will also be required.

- ° Heating, ventilation and air-conditioning system has inadequate capacity, is inflexible (has no interior zoning) and major components are badly rusted and corroded.
- ° Electrical distribution system is outdated, wire closets and panels are overloaded.
- ° There is no cable management system (communications and personal computers).
- ° Exterior finish surfaces are in poor condition; steel casement windows won't close, leak air and water.
- ° Basement on-grade floor slabs have deflected up to 12" out of level.
- ° Primary office areas cannot be subdivided due to lack of interior air-conditioning zone resulting in inefficient spatial arrangements.

- ° Hazardous asbestos materials exist in ceilings and at heating and air-conditioning equipment.

Conditions at the Heating and Refrigeration Plant

The heating and refrigeration plant is operational only because of the use of rented equipment.

- ° All four original coal boilers are inoperable.
- ° Currently operating with one built-in oil-fired boiler and three rented oil-fired package boilers (rental is about \$1 million per year).
- ° One of seven chillers is beyond repair, one attains half its rated capacity and the remaining five are so unreliable that seven 1,000 ton rented chillers are in use (rent is about \$1.2 million per year).

Recognizing that there would probably be difficulties in securing the funds for the renovation of the building through the Federal Buildings Fund, the Administrator of General Services on June 12, 1987 delegated to the Secretary of Defense the authority to procure design services for the renovation.

This concludes my statement; we would appreciate your support for the transfer of the Pentagon Reservation and the renovation of the Pentagon. I would be happy to answer any question you or the members of the Subcommittee may have.

PENTAGON RENOVATION
FUNDING REQUIREMENTS

Under the DOD proposal, the monies that would have been paid to the General Services Administration (GSA) for the Pentagon Reservation (RENT) are placed in a fund and used for operation, maintenance and protection of the Pentagon and FB-2 and for renovation of the Pentagon and construction of a new heating plant. The estimates shown below are order of magnitude stated in millions of dollars. The table presumes that the RENT payments that would have been made to GSA are deposited in the industrial fund for the duration of the renovation and for the additional time it will take to recapture the costs that in the early years of renovation will be more than the RENT payments.

	RENT	O&M	EXCESS	PRIOR YEARS	TOTAL FUNDS	MILCON	CARRY OVER	BUDGET
FY 91	82.2	49.6	32.6	0.0	32.6	10.0	22.6	0.0
92	100.8	52.1	48.7	22.6	71.3	67.6	3.7	0.0
93	103.3	54.7	48.6	3.7	52.3	118.0	-65.7	65.7
94	105.9	54.7	48.5	0.0	48.5	131.2	-82.7	82.7
95	103.2	53.3	49.9	0.0	49.9	145.1	-95.2	95.2
96	110.8	55.4	55.4	0.0	55.4	147.3	-91.9	91.9
97	134.7	53.6	81.1	0.0	81.1	100.0	-18.9	18.9
98	153.8	55.4	98.4	0.0	98.4	129.6	-31.2	31.2
99	172.2	63.2	109.0	0.0	109.0	178.0	-69.0	69.0
00	184.9	65.7	119.1	0.0	119.1	0.0	119.1	0.0
01	205.4	75.8	129.6	119.1	248.7	0.0	248.7	0.0
02	234.3	79.6	154.7	248.7	403.4	0.0	403.4	0.0
03	240.1	83.6	156.5	403.4	559.9	0.0	559.9	0.0
04	246.1	87.7	158.4	559.9	718.3	0.0	718.3	0.0
TOTAL	2177.6	887.1	1290.5			1026.8		454.6

This table shows that during the actual renovation period the additional MILCON funds required for the renovation would not exceed \$96 million in any one year. This table also shows that the amount deposited in the fund over a little more than twelve years would cover all operations, maintenance, protection, renovation, construction and the new heating plant. And that when the cost to lease swing space is included, all costs would be covered in about thirteen years.

The total cost to DOD would be:

RENT	\$ 2,177.6
BUDGET	454.6
SUBTOTAL	\$ 2,632.2
LESS FY-2004 CARRY OVER	718.3
TOTAL COST	\$ 1,913.9

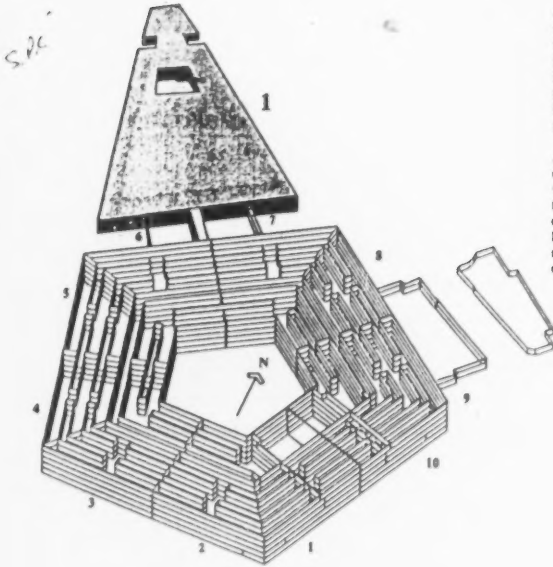
This estimate does not include the cost to rent leased swing space because the exact amount of space and the leasing time

required is part of the refinement of the Concept Plan. We estimate this cost may approach \$70 million. At the end of fourteen years there would be a balance in the fund of \$263.7 million after covering the budgeted requirements.

Notes:

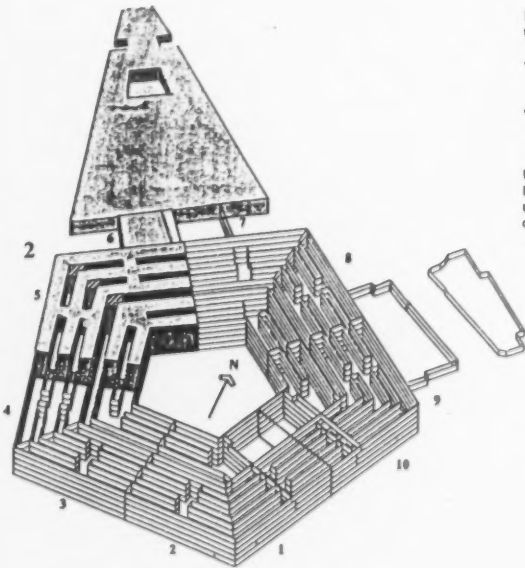
- RENT** - Estimated amount deposited to the fund.
- O&M** - Estimated amount required for operation and maintenance.
- EXCESS** - Estimated amount of RENT not required for O&M of the Pentagon Reservation.
- PRIOR YEARS** - Estimated amount of the RENT payment that could carry over from prior years.
- TOTAL FUNDS** - Estimated total funds available combining the excess payment and prior years funds.
- MILCON** - Estimated amount of design and construction funds required for the renovation project.
- CARRY OVER** - Amount of funds available to carry forward after taking out required design and construction funds.
- BUDGET** - The estimated amount of funds required to be budgeted above the RENT amount.
- FY-93-2000** - During this period, space will be under renovation and will neither generate RENT nor require O&M. The estimates have been adjusted to account for this fact. Additional space (the Logistics Support Extension and improved efficiencies) will be added during the renovation and the RENT for this space is included in the estimates. Furthermore, the renovated space is presumed to have both a higher market value than the space not renovated and to cost less to operate and maintain. These factors are also included in the estimates.

'PENTAGON RENOVATION CONCEPT'



Increment One involves construction of the Logistics Support Extension proposed for the Mall Terrace and requires no occupant relocations for construction to begin. The main purpose for this increment being constructed first is to accommodate printing facilities, shops, laboratories, delivery and dock facilities, all of which would be removed from the Pentagon. As an important additional benefit, the Logistics Support Extension would provide 450,000 square feet of swing space for the following renovation increments.

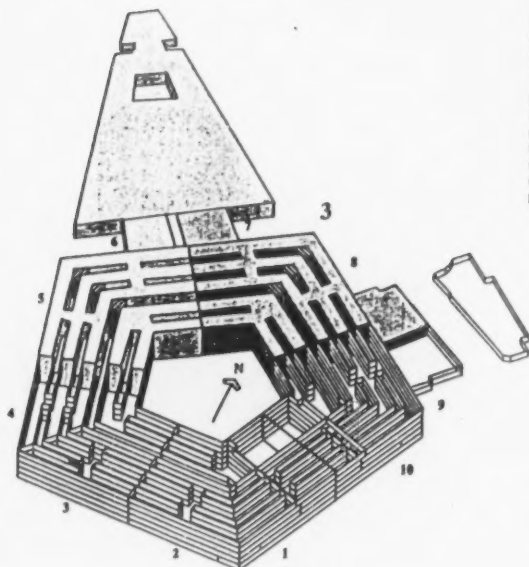
A below grade connector road would tie into the existing interior roadway. Trucks would unload at the new, remote loading docks within the Logistics Support Extension. All goods would be transferred to electric vehicles after a security check. No longer would "uncleared" vehicles enter the complex, greatly enhancing security. Emergency vehicles would still have access to the Courtyard through new security gates. Space remaining beyond the "light industrial" occupancy requirements would serve as office space.



Increment Two was selected as the first internal renovation area for two reasons:

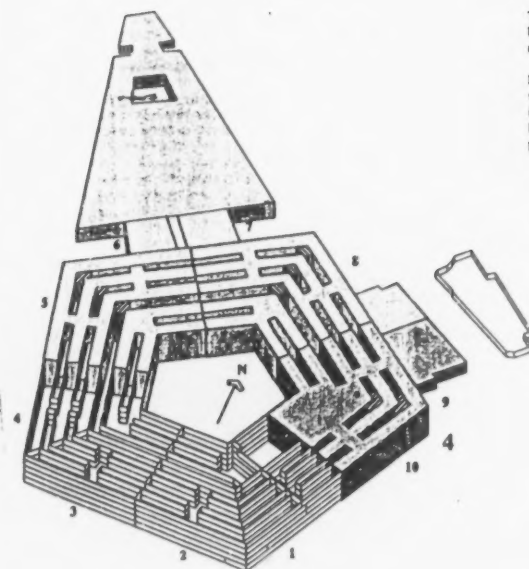
- It has the lowest percentage of occupiable area assigned to special uses (i.e., it is the least disruptive to sensitive areas).
- It is dominated by one large occupant group whose relocation from this area would minimize disruption of overall DoD activities and result in the fewest number of interim moves.

Upon completion of Increment One, the new printing facilities, shops, labs, delivery and dock areas would be occupied. This would make their former locations outside of Increment Two available for interim occupant moves.



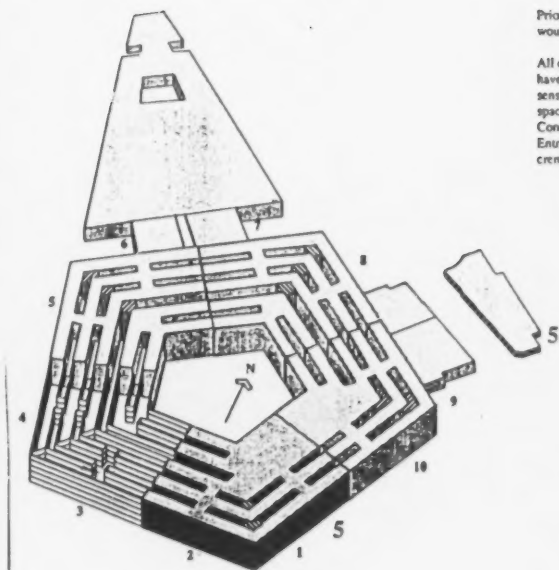
Increment Three includes the partial duplication of secure facilities currently located throughout the Pentagon and within subsequent renovation increments. A similar duplication occurs during Increment Four.

Prior to the start of Increment Three, the first unified major occupant will have moved into Increment Two. This would permanently locate one of the five major occupants in a renovated, vertically integrated facility with total vehicular separation from the pedestrian corridor system. This would make additional in-house space available throughout the Pentagon for the interim moves necessary to completely vacate Increment Three and begin its renovation.



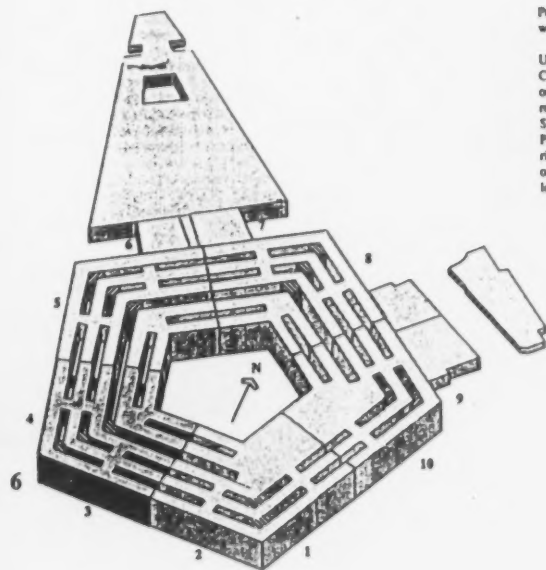
The purpose for the selection of Increment Four next is to permit the balance of secure facilities to be duplicated in-kind during this increment.

Prior to start of Increment Four, the second unified major occupant will have moved into Increment Three with all the benefits described in the previous increment. The remaining occupants in Increment Four would make the necessary moves within the Pentagon to completely vacate Increment Four, allowing its renovation to begin.



Prior to start of Increment Five, the third unified major occupant would have moved into Increment Four.

All of the Basement and Mezzanine space within the Pentagon will have been completely renovated and most of the Pentagon's security sensitive facilities relocated to new space. Additional occupiable space will have been developed on the Mezzanine level. All of the Concourse and Cafeteria facilities will also be reopened. The Metro Entrance remains open during renovation as it is divided between increments Four and Five.



Prior to the start of Increment Six, the fourth unified major occupant would have moved into Increment Five.

Upon completion of Increment Five, the Metro/Concourse Entrance, Cafeteria facilities and POAC are removed. The remaining original occupants in Increment Six will complete interim in-house moves to renovated but unassigned space in Increments One through Five. Special construction sequencing will keep interruption on the South Parking Entrance to a minimum and by utilizing new facilities at Corridor Two. Upon completion of Increment Six, the balance of occupants will move into their final assigned, vertically integrated locations within the Pentagon.

Complete development of the available Mezzanine/Basement area is recommended in this Improvement Alternative. Approximately 200,000 additional usable square feet can be added. Located near the bottom of the structure, it is secure space available for sensitive data, equipment and personnel. The majority of the space is ample in height for office use, with the exception of some conflicts with utilities. (Less than one percent of the floor area is affected by the utility lines.) It is possible to improve these potential conflicts by relocating the utilities in question.

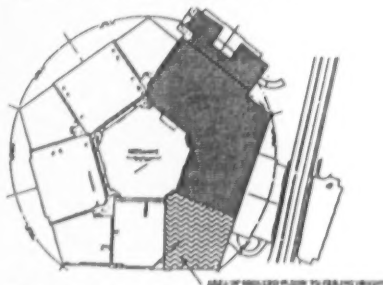
The following summarizes the benefits of this alternative:

- The gain of 200,000 square feet of new space without construction of a new facility.
- The space gained has high headroom, allowing for adequate ceilings and space for utilities to run above.
- The space created is ideal for secure installations as it is free of windows, adjoining public space and access can be readily controlled.

Renovation of this area is recommended to occur in conjunction with the corrections to the sinking or depressed slab areas in the Basement. As the replacement basement slabs will be "structural" in order to avoid future settlement (i.e., floor loads will be transferred to beams and then to existing piles), the piles will require structural investigation to verify their total capacity. The original design of the building included provisions for the future addition of the mezzanine. (See Section III under Review of Past Studies, Slab Settlement.)



AREAS OF SLAB SETTLEMENT IN BASEMENT



NEW MEZZANINE FLOOR PLAN SHOWING AREA OF NEW SLAB DEVELOPMENT

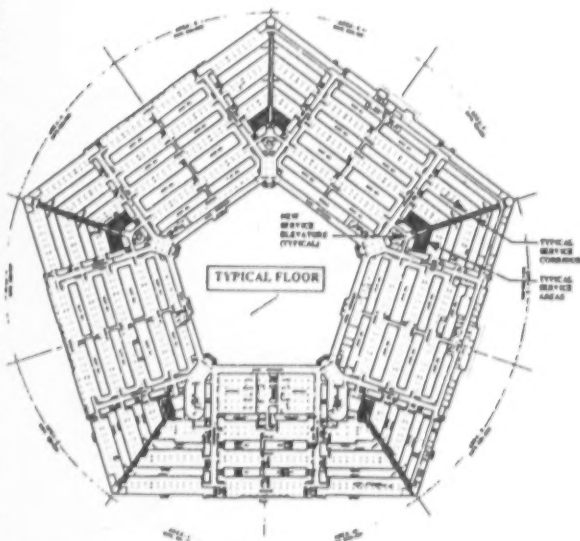
From the examination of Improvement Alternatives 2, Utilization of Light Courts, and 3, Utilization of Interior Roadway, it was apparent that a "backdoor" connection between the office areas and the service elevators would be beneficial and could be easily developed. This would allow a complete separation of service and pedestrian functions.

A service corridor independent of the existing circulation system could easily be created by bridging between the A- through E-Rings at the pentagonal corners as illustrated. This would make it possible to completely separate all pedestrian traffic from vehicular traffic in the Pentagon. By "reversing" the service elevators (i.e., changing the direction that they open) and creating this delivery spine, all service functions would be central to, and accessible from, each occupant's area. All photocopy rooms, materials storage rooms, etc., could be located along these spines, further reducing trip distances and the need for delivery vehicles. The service elevators would connect to the Interior Roadway, where the transfer of goods or refuse to or from vehicles can occur.

In the event this alternative was selected in conjunction with Improvement Alternative 8, Logistics Support Extension, the delivery carts would actually ride the elevators and continue on to the loading docks in the Logistics Support Extension.

In summary, the benefits of this Improvement Alternative include:

- Separation of pedestrian and vehicular traffic within the building.
- Direct connection between the service elevators and centralized service corridors within each occupant's office area.
- Opportunity to centrally locate functions which require frequent or large deliveries (e.g., copy centers, storage and supply rooms) in the delivery zone within each occupant's area.

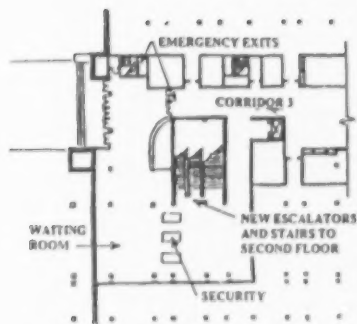


TYPICAL FLOOR PLAN SHOWING SERVICE CORRIDORS

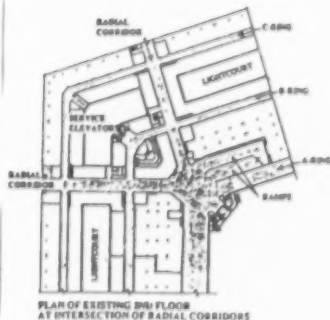
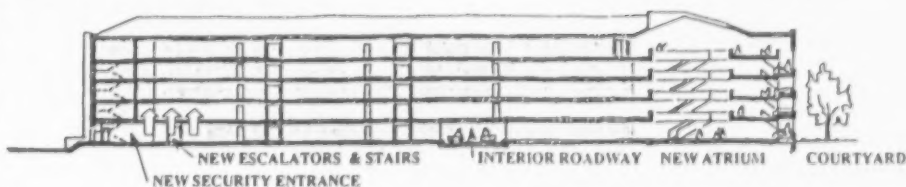
By making the Second Floor the main level for horizontal circulation flow, non-public activities and supply distribution functions can be concentrated on the First Floor. Pentagon personnel and visitors would not cross the Interior Roadway at grade but would pass overhead. This would accomplish a separation of pedestrian and vehicular traffic. It would also bring Floors Four and Five closer to the main "activity generators" and the main circulation level, minimizing the average "trip" distance within the building.

As the accompanying drawings show, new two-story security entrances at Corridors 2, 3 and 8 are recommended in this Improvement Alternative. Once past the new security entrance, escalators would immediately lift personnel to the Second Floor, which would serve as the building's "Main Street" for horizontal circulation. This is the present condition between Corridors 1 and 10 in the Concourse area.

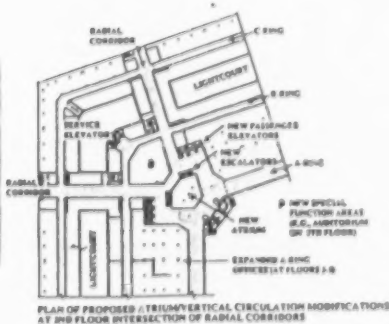
An additional benefit of this Improvement Alternative involves the security of sensitive areas. By concentrating major public access and circulation on the Second Floor and concentrating sensitive or high security areas at and below the First Floor, an improved separation of public and secure space is achieved.



PLAN OF NEW SECURITY ENTRANCE



PLAN OF EXISTING 2ND FLOOR AT INTERSECTION OF RADIAL CORRIDORS



PLAN OF PROPOSED 2ND FLOOR VERTICAL CIRCULATION MODIFICATIONS AT 2ND FLOOR INTERSECTION OF RADIAL CORRIDORS

One of the primary organizational constraints of the Pentagon is the dependency on horizontal circulation of the building due to the lack of vertical transportation systems (i.e., readily accessible passenger elevators and escalators).

As shown by the following three drawings, this Improvement Alternative addresses this constraint by proposing the following:

- New passenger elevators and escalators at the new atriums (located at the intersection of each pair of radial corridors) will permit quick and easy vertical access between floors.
- Vertical organization and integration of each occupant, clustered around its own vertical circulation system in one of five, 1.2-million square foot blocks. This new vertical organization will eliminate cross-building trips between dispersed offices in each individual Defense Component.
- Horizontal access within the Pentagon becomes a secondary circulation system between occupants. The A-Ring will be the primary horizontal connection between all five atriums and the shortest distance between them. The central courtyard will continue to be viewed from the A-Ring Corridor.

Also located in the atrium area could be the individual occupant support areas. One suggested combination would be:

- Auditoriums and Conference facilities (Fifth Floor)
- Snack bars and Exhibits (Fourth Floor)
- Auditoriums and Conference facilities (Third Floor)
- Snack bars and Exhibits (Second Floor)
- Other special function areas as needed.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: EVA-91W01
Congressional District: 10

INTRODUCTION:

In accordance with a resolution adopted by the Committee on Public Works and Transportation of the House of Representatives on November 17, 1989, the General Services Administration (GSA) has investigated the Federal space situation at the Pentagon complex. This report presents and evaluates a 3-part proposal comprised of renovation and new construction: (1) renovate and modernize the Pentagon, (2) construct a new service building as an extension to the Pentagon, and (3) replace the existing heating plant with a new plant.

COMMUNITY PROFILE:

The Pentagon is located in Northern Virginia, one of the three major political jurisdictions of the National Capital Region (NCR). Included in this area are Arlington, Fairfax, Loudoun, and Prince William counties, as well as the independent cities of Alexandria, Fairfax and Falls Church.

In 1987, the total population of Northern Virginia was 1,041,500, up 14.6 percent from its 1980 population of 909,000. Fairfax County is the most populous, largest in land area, and the fastest growing of the Northern Virginia jurisdictions. From 1980 to 1988, its population increased 25 percent to 746,600. Arlington County's 1989 population is 160,321, a 3 percent increase from 1980.

The Department of Defense (DOD) houses over 66,000 personnel in 10.2 million square feet of GSA-controlled space in Northern Virginia, the majority being in Arlington County. Because the majority of DOD is, and has traditionally been, located in Northern Virginia, the remainder of this report will focus on that community. DOD is the only agency described in detail.

COMMERCIAL SPACE DATA:

Northern Virginia has experienced major commercial office development which is heavily concentrated in certain areas. This has been accompanied and enhanced by the extension of the Metrorail system and by the completion of Interstate 66, west of the District.

GSA

PBS

**REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia**

Report Number: BVA-91W01
Congressional District: 10

COMMERCIAL SPACE DATA: (Cont'd)

Concentrated development in Arlington County has occurred in the Crystal City, Rosslyn, Ballston, and Clarendon areas, all of which are served by Metrorail. Fairfax County, in addition to Metro-related growth, has had extensive development along major roadways and crossroads, especially the Tysons Corner area and along Route 50 and Interstate 66. Alexandria is projecting increased development in its King Street Metro station area.

Although the Washington metropolitan area as a whole has a high leased space absorption rate, vacancy rates in Northern Virginia have ranged from 13 to 21 percent in suburbs near the city, with a 41 percent vacancy rate in the more distant Loudoun County.

Higher vacancy rates do not, however, automatically offer opportunities for GSA to acquire less expensive leased space. Vacancies frequently occur in smaller blocks of space than are needed to satisfy Federal agency requirements. The rental range for first class office space in fiscal year 1991 is anticipated to be \$22-\$38 per occupiable square foot, with the higher rates in proximity to Metro and the District.

Northern Virginia houses 20.1 million square feet of space, or 30 percent of GSA's NCR inventory, a 2 percent growth since 1984. It is concentrated in those communities closest to Washington, DC.

FEDERAL SPACE SITUATION:

Sixty-five percent of the Northern Virginia inventory is in 165 leased buildings (see table below). This represents 38 percent of NCR's leased inventory. The remaining inventory is housed in 26 Government-owned buildings, representing 21 percent of the Government-owned inventory. Approximately 1.48 million square feet of the Government-owned space is devoted to warehouse rather than office use.

<u>Northern Virginia</u>	<u>Gov't-owned</u>	<u>Leased</u>	<u>Total</u>
Number of Bldgs.	26	165	191
Occupiable Sq. Ft.	7,047,682	13,081,288	20,128,970
Employees	35,599	68,395	103,994

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

FEDERAL SPACE SITUATION: (Cont'd)

Within this area, the current ratio of Government-owned space to leased space is 35:65. The current ratio of Federal employees in Government-owned space to those in leased space is 34:66.

Government-owned Buildings and Sites:

Northern Virginia has four Government-owned office buildings of 100,000 occupiable square feet or more. Two of the largest Government-owned buildings are located at the Pentagon complex in Arlington, close to the District of Columbia. These are the Pentagon itself, with 3.7 million square feet, housing DOD headquarters; and Federal Office Building (FOB) 2, with 722,770 square feet, originally built as a warehouse, but now housing Marine Corps and Navy elements. GSA delegated operating authority for the Pentagon complex to DOD on October 1, 1987.

The Pentagon was built in 1942 and completed in January 1943. Because of its historic and architectural significance, it is considered eligible for the National Register of Historic Places. The building needs major renovation to update systems, relieve overcrowding, and to make it adequate for continued use. The Pentagon complex includes a total of 420 acres.

GSA's current assessment is that FOB 2 should not be renovated for long-term office use. Rather, its occupants should be relocated elsewhere. Neither GSA nor DOD have yet developed detailed plans for their future housing, and no funding authority has been requested for this purpose.

There is also a large office complex for the Executive Office of the President in McLean, Virginia. At the Franconia Stores Depot near Springfield, Virginia, GSA controls extensive warehouse space: Building A contains 983,511 square feet of space and Building B has 231,734 square feet of space.

At present, there are two major development areas in Northern Virginia under GSA control. The Pentagon site has potential for future development; however, consideration should be given to the impact of increased density on an already congested traffic corridor. Previous studies of the development of 1.8 - 3.0 million square feet of space at the Pentagon site aroused significant community concern.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: EYA-91W01
Congressional District: 10

FEDERAL SPACE SITUATION: (Cont'd)

The Franconia Depot site includes about 70 acres, of which 64 are usable. It is located near Interstate 95, a heavily traveled roadway. Although a nearby Springfield-Franconia Metro station has been designed, neither it nor the rail line extension has been funded. GSA is conducting a capacity study to explore possible development options at this site. Traffic constraints severely limit site potential for office use.

Leased Space:

In Virginia, GSA leases are concentrated in Crystal City, Rosslyn and Ballston in Arlington; the Skyline Complex in Falls Church; Tyson's Corner in Fairfax; and in Alexandria. There are 40 buildings leased by GSA with more than 100,000 occupiable square feet each.

The J.W. Powell Building in Fairfax County is an office building containing 690,701 square feet. It will revert to Government ownership at the expiration date of the lease in late 1993. It houses the headquarters of the Department of the Interior, U.S. Geological Survey.

AGENCY SPACE REQUIREMENTS:

In NCR, GSA currently houses 75,831 DOD personnel in 11,645,126 occupiable square feet. This does not include military and other facilities owned by DOD. The facilities are dispersed among 126 buildings. Government-owned locations comprise 5,103,563 occupiable square feet and leases total 6,541,563 occupiable square feet. DOD, GSA's largest client in NCR, represents over one-fourth of the personnel and over one-sixth of the space in this inventory.

Approximately 87 percent of DOD's personnel and space in NCR are in Northern Virginia. Arlington County alone has 66 percent of DOD's space and personnel in the region. Alexandria has the next largest holding of DOD facilities. Fairfax County houses most of the remainder of DOD in Northern Virginia.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: EVA-91W01
Congressional District: 10

AGENCY SPACE REQUIREMENTS: (Cont'd)

<u>DOD Northern Virginia</u>	<u>Gov't-owned</u>	<u>Leased</u>	<u>Total</u>
Number of Bldgs.	4	70	74
Occupiable Sq. Ft.	4,547,297 448	5,672,000 568	10,219,297
Employees	28,753 448	37,702 568	66,455

A very large portion of DOD's leases expire within the next several years. It is expected that rental rates will increase considerably over the current rates as new leases are awarded. In 1977, the average rent paid for leased space occupied by DOD was \$6.64 per occupiable square foot. In 1988, the average was up to \$18.59. Office space in Northern Virginia in fiscal year 1991 is expected to range between \$22-\$38 per occupiable square foot.

Navy's approximately 20,000 personnel are housed in 2.4 million square feet in 20 buildings. Nineteen of the 20 facilities are located in Crystal City. GSA is soliciting for approximately 3 million square feet to handle Navy's projected needs.

GSA has current requests from DOD for an additional 891,000 occupiable square feet in new and expansion space in NCR. As noted before, relocation of the tenants from the 722,000-square-foot FOB 2 will also be an issue within the next 10 years.

DOD's Administrative Space Plan for the National Capital Region, submitted to Congress in May 1988 proposed construction of a number of facilities on military installations, in part to relocate elements from GSA leased space. Among these was a new Marine Headquarters at Henderson Hall. This site, under DOD control, is located adjacent to the Pentagon complex. The proposal stated the facility would house those Marine elements now in 261,000 square feet at FOB 2, but no funding has been requested for this project.

Other proposed actions which could directly affect GSA leases are only at the earliest stages of development. A total of 821,000 square feet (including the Corps of Engineers) was proposed to relocate from GSA leased space to DOD-controlled space at

GSA

PBB

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

AGENCY SPACE REQUIREMENTS: (Cont'd)

Ft. Belvoir and the Engineering Proving Grounds, but no detailed plans have yet been developed. Although the Corps of Engineers requested funding for their building in the fiscal year 1990 budget, they did not receive approval. Similarly, development of a proposal for a Pentagon Annex has been deferred.

In summary, DOD has a continuing need for an extremely large amount of space in the Washington metropolitan area, and particularly in Northern Virginia. Even if all construction projects noted above were accomplished, DOD would continue to occupy more than 3 million square feet of space under GSA leases. Although future needs are difficult to predict, GSA believes there will be sufficient leased space in the inventory to provide a flexible source of tenants which can be relocated into Government-owned space as future projects are developed.

PROJECT BACKGROUND:

The Pentagon was built in 1942 and has received no major modernization since then, although smaller repair and alteration projects have addressed specific building and occupant requirements. The building provides 3.7 million occupiable square feet from 6.5 million gross square feet, demonstrating an inefficient configuration. Approximately 70,000 square feet of inside parking is excluded from this occupiable area. Constructed of concrete reinforced with steel, with its outer walls faced with gray Indiana limestone, the building consists of five concentric pentagonal rings that are interconnected by 10 spoke-like corridors. In the center of the rings is a 5-acre courtyard. The building has five floors above ground, a basement and mezzanine.

The Pentagon is totally occupied by 25,500 personnel of DOD, mainly the Office of the Secretary of Defense, Joint Chiefs of Staff, the Army, the Navy, the Air Force, and other Defense agencies. These headquarters elements must continue to be located in the Washington area and represent many of the elements having the highest security needs. In addition to offices, there are support facilities including food service, maintenance, communications, medical, recreational, and retail stores.

GSA

PBS

**REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia**

Report Number: BVA-91W01
Congressional District: 10

PROJECT BACKGROUND: (Cont'd)

Overview: This project concept proposes a modernization and extension of the Pentagon building within a 12-year construction period. It includes replacement of the Virginia Heating Plant to serve the increased capacity of the total facility. The concept represents a joint evaluation by DOD and GSA of work needed to make the building better suited to the tenant's needs for the next 40 years. Additional development is needed before project costs can be refined and all aspects of the proposed concept verified.

Included as integral to the project concept are 1) new construction of an underground service building extension of 450,000 occupiable square feet (osf) and the conversion to office space of that amount in the Pentagon building proper, and 2) an increase in building efficiency through the addition of 500,000 osf by reconfiguration and 200,000 osf by constructing an additional floor on the mezzanine level.

The project has been divided into seven phases:

- 1) Construction of the new underground light industrial service building which will be connected to the Pentagon;
- 2-6) Five construction increments to accomplish the Pentagon modernization itself (with concurrent construction of a replacement heating plant); and
- 7) Concurrent exterior site repairs to the bridges, streets, parking lots, and approaches.

Although some swing space within the Pentagon will be provided by relocation of service functions to the new extension, 500,000 osf of additional swing space will be required to accomplish the modernization project. Such space can most expeditiously be acquired by lease.

1. PROJECT DESCRIPTION: PENTAGON MODERNIZATION AND EXTENSION

The current 1940's vintage office layout and systems will be replaced with modern offices and systems suitable for the changed role of DOD. This approach will completely modernize the

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

1. PROJECT DESCRIPTION: PENTAGON MODERNIZATION AND EXTENSION

building with the exception of existing exterior walls. The planned renovation will provide space which is much easier to operate and maintain, flexible enough to respond to the tenant's future requirements, and adaptable to the installation of technological advances in computer equipment and work space environments.

Building efficiency will be improved and office uses improved. The total occupiable area increase for this project exceeds 1,100,000 osf as a result of the space provided by the new building (450,000 osf) and the internal modifications (700,000 osf). Approximately 3,000-5,000 new employees can be accommodated on site by these changes. Some of the new space will be used to relieve overcrowding within the Pentagon.

A. Service Building:

The first portion of the project is the construction of 450,000 osf to consolidate the logistics support activities from the Pentagon. The space vacated within the Pentagon will be mostly converted to office use. The new facility will result in the elimination of light industrial functions and motorized vehicles from the Pentagon proper. It will enable the removal of loading docks from the south face of the building. This extension will not only provide for more efficient use of the Pentagon itself, but even more importantly, will eliminate a major security problem by removing deliveries from the confines of the main building.

B. Pentagon Modernization:

The next five construction phases are the renovation of the Pentagon in sequential increments consisting of vertical wedges of approximately 1,100,000 gross square feet. This approach was selected to reduce construction time and lower the impact on secure facilities. It is deemed to be the optimal configuration and size for construction. This concept minimizes temporary power and heating, ventilation and air-conditioning (HVAC) connections since the building was constructed in the same wedge configurations, and the current building systems correspond to that configuration.

GSA

PBS

**REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia**

Report Number: BVA-91W01
Congressional District: 10

1. PROJECT DESCRIPTION: PENTAGON MODERNIZATION AND EXTENSION

B. Pentagon Modernization: (Cont'd)

Repair and Alterations:

The five increments have similar construction approaches. Because all new internal systems must be installed, demolition will be slab to slab. In order to install the requisite HVAC, and life safety systems, virtually all of the asbestos-contaminated ceilings and walls will be affected and must be removed. This will be done as the first step of each construction increment. The renovated space can then accommodate tenant requirements that conceivably alter the current space layouts. Cost estimates include the complete build-out of all shell and tenant areas.

The electrical upgrades will include installation of all new electrical service and distribution systems. Emergency lighting, fire protection, uninterrupted power supplies, electrical panels and generator sets will be installed to service the building, and sized for expected DOD requirements for the foreseeable future.

The HVAC system will be entirely replaced. A loop system will be installed to provide 24-hour chilled water service to all three shift components, thus eliminating the numerous package systems. The loop system will substantially reduce the high maintenance and operating costs associated with the existing package systems. The toilet rooms will be upgraded and reduced in number. All new supply and waste piping will be installed. The number of toilets will be reduced, and an estimated additional 50,000 square feet of occupiable space (included under recapture total below) will be gained by these modifications.

Lifesafety Features:

The building will be equipped with a sprinkler system and a reconfigured fire alarm system. These lifesafety features are required to be installed during any major repair project, and will substantially improve safety for the occupants.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

1. PROJECT DESCRIPTION: PENTAGON MODERNIZATION AND EXTENSION

B. Pentagon Modernization: (Cont'd)

Reconfiguration and Recapture of Space:

The reconfiguration of DOD's organizational layout from a horizontal to a vertical structure will substantially improve internal circulation and security in the building. Concentrating major public access and circulation on the second floor and concentrating sensitive or high security areas at and below the first floor will provide an improved separation of public and secure space.

An independent service corridor network will be created to improve efficiency of support to the operations. A delivery spine will be created, and all service functions will be central to and accessible from each major area. Support space such as photocopy rooms and supply rooms will be located along these spines. The service elevators will connect to the interior roadway for the transfer of goods or refuse to or from vehicles.

In keeping with current office standards, elevators and escalators will be installed to serve the large employee population. These will support the vertical relocation of DOD's organizations, as well as provide improved general passage throughout the building, served now only by ramps. There are virtually no passenger elevators within the building now.

The elevators and escalators will be clustered around a vertical circulation system in each of the five 1.1 million square foot segments. Also located in these atria will be individual occupant support areas such as auditoriums, conference facilities, exhibits, snack bars and other special function areas as needed.

As noted before, the occupiable square footage of the building will actually be increased by approximately 700,000 osf. The internal modifications include narrowing certain corridors and recapturing space from the reduced number of toilets. Within that total, approximately 200,000 osf will be gained through construction of additional mezzanine area in certain parts of the building.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

JUSTIFICATION: PENTAGON MODERNIZATION AND EXTENSION

A. Service Building:

Construction of the new service building will permit relocation of printing facilities, shops, laboratories, delivery and dock facilities from the Pentagon. Space vacated within the Pentagon will be converted for use as office space. This phase will reduce the swing space requirements by 450,000 square feet, resulting in a substantial avoidance in leased space costs of up to \$17,100,000 annually for the subsequent construction in the Pentagon.

The extension project will allow concentration of office uses requiring high security to be within the Pentagon. It will also enable the reconfiguration of space within the Pentagon for improved organizational layout and circulation.

B. Pentagon Renovation:

In 1943, the Pentagon was completed and recognized internationally as an unprecedented achievement in building construction due to its size and speed of construction. Complete replacement of antiquated systems is required in order for the building to continue to serve the needs of DOD. The existing systems are grossly undersized for today's automated offices.

The HVAC systems were not designed to handle today's automated office environment. This contains large heat generators, which must be served by modern HVAC systems sized and configured for the automated environment. Due to the changing nature of the occupants and technological advances, it is possible to reduce the capacity in the heating plant, while the air-conditioning equipment requires almost a doubling in size due to the higher year round load placed on it.

The plumbing services have simply worn out. This project will replace all piping, restore and replace fixtures, and make the rest rooms fully handicapped accessible. Due to the changes in building configuration, it will be possible to reduce the total number of rest rooms and convert the approximately 50,000 square feet of space gained to occupiable area.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

JUSTIFICATION: PENTAGON MODERNIZATION AND EXTENSION

B. Pentagon Renovation: (Cont'd)

Sophisticated computer equipment requires new, efficient, and integrated HVAC systems as well as additional power distribution sources. The current electrical distribution system has exceeded its capacity.

In addition, due to extensive code changes since the building was constructed, major lifesafety system upgrades and handicapped accessibility standards must be retrofitted into the structure.

The change from a horizontal to a vertical structure will allow related organizations to be located in the same proximity. It will result in a reduction of daily inter-office travel time. The recaptured 500,000 occupiable square feet will help relieve severe overcrowding in portions of the Pentagon. Also, the recaptured areas will enable a decrease in future leased space needs, both for swing space and more permanent requirements.

2. PROJECT DESCRIPTION: CONSTRUCTION OF NEW HEATING PLANT

This project proposes a total replacement of the equipment and enclosure of the Virginia Heating Plant, also constructed in 1942. It serves as the supplier of chilled water to the Pentagon and FOB 2, and steam to the Pentagon, FOB 2, and Henderson Hall.

The project will install all new chilled water and steam generating equipment plus auxiliaries, sized to support the load requirements of the renovated Pentagon building. Adequate capacity will be included to continue providing the current requirements at FOB 2 and to meet the committed reimbursable load needs at Henderson Hall. Accommodation will also be made for projected increases in generating capacity necessary to support anticipated DOD requirements in the Pentagon.

The replacement plant will consist of two interconnected enclosures. The first is a 30,000 square foot steam generation/distribution area housing six multifuel (oil and gas) boilers. The second enclosure will be a 28,000-square-foot area for chilled water generation/distribution housing 14 chillers.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

2. PROJECT DESCRIPTION: CONSTRUCTION OF NEW HEATING PLANT
(Cont'd)

It will also contain the electrical switchgear and emergency diesel generators which provide backup power for vital Pentagon electric loads. The plant administrative offices, support spaces, repair parts storage, maintenance shops, and control rooms will be distributed between the two enclosures.

Because of soil conditions, special (pile) foundations will be used for all structures. The new structures will be located immediately adjacent to the existing main building.

Two 200,000-gallon steel oil tanks will also be constructed, complete with oil containment facilities. A gas line to the site will be provided by Washington Gas Company.

New concrete distribution tunnels separately connecting each load center with the plant will be constructed. New cooling water intake and outfall tunnels will replace the existing undersized facilities. The Columbia Island lagoon, which provides condenser cooling water, will be dredged due to silt buildup.

A new utility tunnel will be constructed between the plant and the Pentagon. The tunnel will house the 24-hour chilled water lines and uninterruptable power sources which are being consolidated in the plant. Backup steam and chilled water piping will also be supplied to provide alternative distribution.

Controlled access to the plant must be maintained for safety and security reasons. All structures will be at least 100 feet from existing state highways. A chain link fence will surround the entire facility, and access will be via a manned guardhouse. Landscaping will be provided to improve the appearance of the area.

Existing site storm drainage, sewage, telephone, water, condensing water, electrical duct banks, natural gas lines and transportation access will be extended, modified, or replaced as necessary to support the new structures and equipment.

GSA

FBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: EVA-91W01
Congressional District: 10

JUSTIFICATION: CONSTRUCTION OF NEW HEATING PLANT

Modification of the existing plant is not a satisfactory solution. The plant has been in continuous operation for more than 40 years, and most of the systems require major replacements and/or upgrades to continue in service. There have been operational difficulties as the HVAC systems have reached the end of useful service life. Additionally, the proposed Pentagon renovation will increase heating and cooling loads due to increases planned for the occupiable area of the building.

Much of the mechanical and electrical systems in the building are original equipment and are obsolete, outdated, and in critical need of replacement and modification.

The refrigeration system currently operates on seven chillers, dating from 1962 and 1978. Major replacement of the internal parts is required to ensure service even in the short-term, and long-term replacement is recommended. At the time of the projected construction completion, the newest of the current chillers would be 18 years old and will require replacement.

To improve operational efficiencies, the Pentagon modernization includes relocation of all 24-hour chilled water and uninterruptable power sources to the Plant. By concentrating supply needs in one centralized location, the energy and operational costs associated with supplying backup power and chilled water on a 24-hour basis can be reduced.

ALTERNATIVES:

Because the Pentagon modernization and expansion, and the replacement of the heating plant, have been studied as elements of an integrated concept, the alternatives have been based on the total cost of the project. The total of these three elements is then compared to the cost of providing comparable space through new construction and leasing. The result of this analysis demonstrates that the 30-year present value cost of the Pentagon renovation, extension and construction of a new heating plant is \$3,007,000 less than Federal construction or an equivalent annual cost advantage of \$267,000.

GSA

FBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: EYA-91W01
Congressional District: 10

ALTERNATIVES: (Cont'd)

LEASING - This alternative proposes leasing the space needed to house DOD. The present value cost of this alternative is \$1,565,909,000.

CONSTRUCTION - This alternative envisions Federal construction to accommodate the requirements of DOD. The present value cost of this alternative is \$1,132,009,000.

REPAIR AND ALTERATION/NEW CONSTRUCTION - This alternative proposes the modernization of the Pentagon and the construction of an extension and new heating plant. The present value cost of this alternative is \$1,129,002,000.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

PRELIMINARY FUNDING ESTIMATES:**1. PENTAGON**Work Categories:

Demolition	\$189,082,000
Temporary Mechanical and Electrical Mods	18,386,000
Site Work	17,438,000
Exterior/Enclosure Repair	21,419,000
Interior Structural Modifications	79,413,000
Shell Mechanical/Electrical	196,875,000
Elevators/Escalators	43,953,000
Shell Interior Construction	121,692,000
Tenant Interior Construction	<u>257,435,000</u>

Estimated Construction Cost \$945,693,000

(Note: Additional A-E studies are required before recommending final design and construction costs for all aspects of this concept. These costs are preliminary and subject to revision.

2. LOGISTIC SUPPORT FACILITY (New Construction)Work Categories:

Demolition	\$ 4,653,000
Site Work @ Building	12,305,000
Structure	32,815,000
Enclosure	5,203,000
Shell Mechanical/Electrical	13,120,000
Interior Construction	<u>30,969,000</u>

Estimated Construction Cost \$99,065,000

(Note: Additional A-E studies are required before recommending final design and construction costs for all aspects of this concept. These costs are preliminary and subject to revision.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: EVA-91W01
Congressional District: 10

PRELIMINARY FUNDING ESTIMATES: (Cont'd)Proposed Schedule

Design start	Jan 1992
Design complete	Jan 1994
Construction Award Phase I (Logistics Building)	Aug 1994
Construction Award Phase II (Wedge 1)	Dec 1996
Construction Award Phase III (Wedge 2)	Apr 1999
Construction Award Phase IV (Wedge 3)	Feb 2001
Construction Award Phase V (Wedge 4)	May 2003
Construction Award Phase VI (Wedge 5)	Apr 2005
Construction Award Phase VII (Exterior site work)	Dec 1994
Construction Completion	FY 2007

Funding Requirements

Funding requirements were developed in fiscal year 1990 dollars by construction phase, and escalated by 4 percent, compounded yearly, from fiscal year 1991 through the midpoint in construction for each separate and distinct construction phase. The total duration of the project is expected to require up to 12 years. Funding requirements in escalated construction dollars:

		<u>Construction</u>	<u>Design</u>	<u>Supervision</u>
Phase I	FY1994	\$104,715,000	5,435,000	3,969,000
Phase II	FY1997	142,236,000	5,675,000	4,153,000
Phase III	FY1999	184,823,000	7,374,000	5,397,000
Phase IV	FY2001	187,694,000	7,489,000	5,481,000
Phase V	FY2003	217,544,000	8,680,000	6,352,000
Phase VI	FY2005	194,724,000	7,769,000	5,686,000
Phase VII	FY1995	13,022,000	1,046,000	975,000
Costs(Projects 1&2):		\$1,044,758,000	43,468,000	32,013,000

Note: Design funding would be required 2 years prior to construction funding for each phase. The estimated durations are based on two shifts of workers on site each working day (i.e. double shifts).

GSA

PBS

**REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia**

Report Number: BVA-91W01
Congressional District: 10

PRELIMINARY FUNDING ESTIMATES: (Cont'd)**3. VIRGINIA HEATING PLANT (New Construction):**Work Items

Heating Plant	\$13,869,000
Cooling Plant	49,906,000
Electrical	10,173,000
Architectural	5,847,000
Structural	4,745,000
Sitework	3,355,000
Classified Waste Incinerator Modifications	1,238,000
Demolition	<u>1,567,000</u>

Estimated Construction Cost	\$90,900,000
-----------------------------	--------------

Estimated Design Cost.	\$5,263,000
--------------------------------	-------------

Estimated Supervision.	\$4,154,000
--------------------------------	-------------

Schedule

Design Start:	December 1990
Design Completion:	April 1992
Construction Start:	October 1992
Construction Completion:	July 1995

Total Costs For Projects 1,2 & 3:

Estimated Construction Costs:	\$1,135,658,000
-------------------------------	-----------------

Estimated Design Costs:	\$ 48,731,000
-------------------------	---------------

Estimated Supervision Costs:	<u>\$ 36,167,000</u>
------------------------------	----------------------

<u>Total Preliminary Estimated Project Costs:</u>	\$1,220,556,000
---	-----------------

(Note: Additional A-E studies are required before recommending final design and construction costs for all aspects of this concept. These costs are preliminary and subject to revision.

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

RECOMMENDATION:

GSA has evaluated the 3-part proposal previously described in this report and recommends it as a viable plan to meet the long-term requirements of DOD and to ensure the preservation of the Pentagon as a valuable Federal asset. This proposal has been given careful and serious consideration by the Administration. It is the position of the Administration that custody, jurisdiction, and control of the Pentagon be transferred to DOD and that DOD have sole responsibility for the funding and execution of the 3-part proposal presented, evaluated, and recommended in this report.

STATEMENT OF NEED:

It has been determined that the above project is a Government need and that the proposed solution is the best method to meet that need within the timeframe required.

Submitted at Washington, DC, on March 8, 1990

Recommended:


Commissioner, Public Buildings Service

Approved:


Acting Administrator, General Services Administration

GSA

PBS

REPORT OF BUILDING PROJECT SURVEY
Renovation of the Pentagon
Arlington, Virginia

Report Number: BVA-91W01
Congressional District: 10

ECONOMIC ANALYSIS

	CONSTRUCTION	LEASE	R&A
DATA: Term used (yrs)	30	30	30
Occupancy Year	1998	1998	2007
Square feet in analysis			
Leased	-	4,850,000	
Government-owned	4,850,000	-	4,850,000
PRESENT VALUE COSTS (\$ x 1,000)			
Net, net rent	-	1,146,443	59,251
Construction cost	750,623	-	499,729
Design	43,078	-	25,433
Management and Inspection	21,581	-	16,734
Land	107,962	-	-
Less: Building reversion	(256,833)	-	(234,532)
Land reversion	(34,799)	-	(52,539)
Interim housing	254,149	254,149	461,812
Major R&A	87,487	-	48,093
Tenant alterations	60,179	60,179	36,671
Services & utilities	303,422	303,422	184,899
Property taxes, ins.	101,141	101,141	61,633
Property management	35,399	25,285	20,969
Total tax benefits to lessor	-	16,670	847
Disposition - Building	(220,858)	(220,858)	-
Disposition - Land	(120,522)	(120,522)	-
Total			
Present Value Cost	1,132,009	1,565,909	1,129,002
PROPOSAL VALUE	1,129,002		

PRESENT VALUE COST ADVANTAGE 3,007

OR

EQUIV ANNUAL COST ADVANTAGE 267

Factors Used (10/1/89 Values):

Net Rent: \$32/osf

Operating Cost: \$6.00/osf

Construction Cost to Build a New Building: \$160/osf

Land Cost: \$107,962,300

Discount Rate: 8%

Parking costs were excluded from all alternatives.

Housing Plan
Pentagon, Arlington, Virginia
 (As of January 1990)

	CURRENT						PROPOSED					
	Total CSF	Total FMSL	Office CSF	Office FMSL	Storage CSF	Special CSF	Total CSF	Total FMSL	Office CSF	Office FMSL	Storage CSF	Special CSF
Defense												
Government-owned:												
Pentagon	3,736,107	23,320	2,856,782	22,738	116,925	762,400	4,436,107	28,675	3,734,035	23,933	20,462	256,640
Service Building	—	—	—	—	—	—	490,000	1,000	178,748	1,000	178,465	175,730
Leased:												
DDPFA (1 location)	36,285	261										
DCMA (7 locations)	71,072	337										
NSA (1 location)	980,927	928										
NSC (11 locations)	73,649	571										
NSA (2 locations)	18,108	130										
OSD (18 locations)	395,000	2,425										
Subtotal	726,971	4,175	328,675	4,175	69,148	69,148	—	—	—	—	—	—
Total	4,463,078	28,675	3,445,457	26,913	186,073	691,548	4,926,107	29,675	3,912,783	24,933	198,927	432,370
Footings:	234 Inside square (69,496 sqf)						Proposed Office Utilization Rate = 125					
	Current Pentagon Office Utilization Rate = 125						Office space will be assigned in accordance proposed RMR					
	Current Leased Office Utilization Rate = 141											
Special Space Includes:							Note: The exact breakdown of office, storage, and special space, and of personnel housed within each type of space cannot be determined at this time. Preliminary assumptions are that the 490,000 sqf in the new service building will be a mixture of special, storage and office space. All the light industrial and lab/clinic space will move to the service building as well as half of the storage from the main Pentagon Building. An additional 80,000 sqf of the service building is assumed to be storage. The remaining square footage is assumed to be office.					
Laboratory and Clinic			20,640									
Post Service			175,236									
Structurally Changed			195,149									
SW			209,411									
Conference & Training			48,882									
Light Industrial			117,190									
Total			762,400									

Senator DIXON. Mr. Cooke, may I ask you a couple of questions for the record, because it won't take but a minute. Then we will conclude.

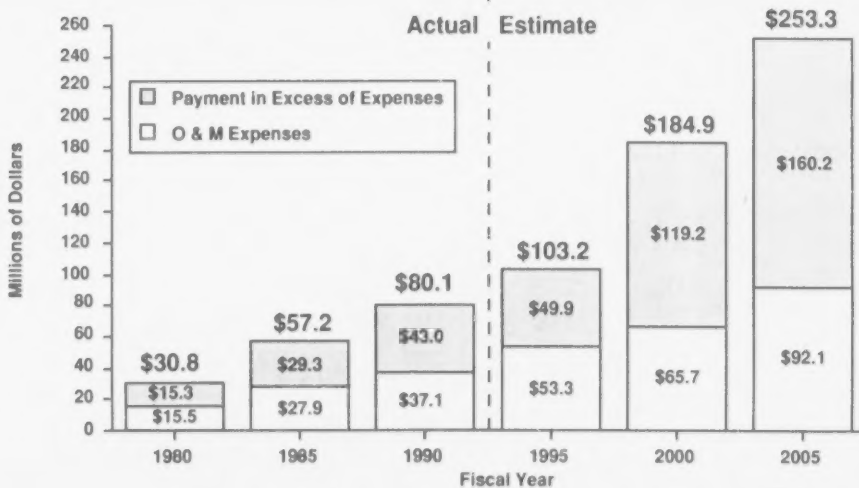
Mr. COOKE. Certainly.

Senator DIXON. As I understand this proposal, the DOD anticipates that the rent which it would have paid to the GSA for the use of the Pentagon reservation facilities during the 14 year renovation period will pay for all but about \$525 million of the renovation and operating costs of the complex. The difference represents excess construction costs plus the leasing of temporary office space for displacing Pentagon employees.

Is that accurate?

Mr. COOKE. I think we would be able in 14 years to pay completely for it.

Pentagon Reservation Payments vs. Expenses



Mr. COOKE. The yellow that you see on the chart represents the excess rent payments over the costs to operate the Pentagon which are shown in red. There is a copy of our analysis in my statement, which I have submitted for the record. We would pay for the cost of the renovation over a period of 14 years, our funding profile shows, out of the excess rent that we pay to GSA.

The point is, Mr. Chairman, that, one way or the other, Defense is going to pay for the renovation. Defense may pay for it in the terms of the excess it gives to GSA for rent, and there may be some above-standard costs above the rent payment that we would have to negotiate with GSA.

Senator DIXON. Why are you projecting such an increase in rent there?

Mr. COOKE. As you can see, on this side are the actuals. What we project in rent actually is a somewhat conservative increase.

Senator DIXON. Is that on the basis of past history of increases?

Mr. COOKE. Past history and the fact that we're going to get a little more capacity. So the rental value would go up.

What we have actually done is used a 6 percent annual increase for the first 4 years, and then a 5 percent increase in the out-years.

Senator DIXON. Does the DOD plan include the construction of any additional administrative space, such as the new Marine Corps Headquarters?

Mr. COOKE. The 1988 projection of DOD space requirements in the National Capital Region did include the possibility of moving the Marine Corps out of a World War II temporary building, called "Federal Office Building 2," into its own building at Henderson Hall. We will need some swing space in order to accomplish the renovation of the Pentagon.

Senator DIXON. Is that included in these calculations?

Mr. COOKE. Not right now, it is not, because the situation is too fluid to talk about exactly where that swing space would be. Obviously, it would be to our advantage if we could build a Marine Corps Headquarters on Henderson Hall because, frankly, it is better to own than to rent.

Senator DIXON. Mr. Austin.

Mr. AUSTIN. Mr. Chairman, we have in our proposal, which the President has sent to the Hill as a budget amendment, approximately 1.8 million square feet of space, new space, to be allocated to DOD for future use. At this point in time, what actually it will be used for we're not sure. We need to sit down and work that out.

But we have a space requirement in our proposal for an additional 1.8 million square feet.

Senator DIXON. Finally, what mechanism will the Department use to ensure that the cost of the Pentagon renovation is added to the military construction top line, rather than requiring the underfunded Milcon program to absorb this substantial expense?

Mr. COOKE. Well, as I indicated in the chart, Mr. Chairman, we would expect to pay for the renovation with the excess rent that we would otherwise pay to GSA. We would propose to do this by the establishment—and we have sent legislation up for consideration—of an Industrial Fund, if you will, which would merge the O&M payments for rent and perhaps turn some of it in to Milcon. But all costs would be covered by the rent we would have to pay over a period of 14 years. There are times, at about the fifth year, that we will need additional Milcon; but those costs will wash out in the 11th and 12th years.

What I am saying is that our projected future funding shows over a period of 14 years, that excess rent will pay for the entire project.

Senator DIXON. I want to thank you gentlemen for coming in here and remind you, once again, that your problem is not over here. It is on the House side.

Mr. COOKE. Thank you for your words of advice, Mr. Chairman.

Mr. AUSTIN. Thank you, Mr. Chairman.

Senator DIXON. Thank you. This meeting is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR ALAN J. DIXON

GENERAL ACCOUNTING OFFICE ANALYSIS

Senator DIXON. Mr. Hinton, your testimony points out that the provision of housing to military families constitutes a substantially greater benefit compared to housing allowance compensation.

Can you estimate, on average, how much greater is the value to the individual of on base housing compared to a housing allowance? Conversely, how much more, on average, does it cost the Government to build and operate a family housing unit compared to providing a military member a housing allowance?

Mr. HINTON. Our testimony emphasized the advantages to the Government of housing allowances as compared to military owned or controlled housing rather than the comparative benefits of the two types of housing programs to military members and their families. We made the point that housing allowances tend to be less expensive to the Government because military members, on average, pay some-out-of-pocket costs for their housing when they receive housing allowances, while under 801 and military construction housing the Government provides for all the members' housing costs. In addition, housing allowances may be cheaper because builders may have flexibility in designing local community housing and may be able

to pay their workers lower wage rates; in contrast, builders of military owned or controlled housing are tied to military design specifications and Davis-Bacon Federal wage standards.

We cannot estimate the comparative value of military owned or controlled housing and housing allowances to military members nor the comparative costs of these two types of housing programs to the Government for two basic reasons: (1) we do not know what size and quality housing alternatives members who are living in military paid-for housing would have purchased with housing allowances; and, (2) even if we were to assume that members living in military housing would have wanted to purchase the same size and quality housing with housing allowances, this is not a viable alternative because, presumably, comparable adequate affordable housing is not expected to exist in local communities where military housing is located, according to military justifications for such housing.

Senator DIXON. Mr. Hinton, in your statement, you point out that the military services prefer to provide on base housing to their members, particularly for those whose jobs require ready access to the work site.

Have you done any analysis to determine what percentage of occupants of military family housing actually perform these types of priority jobs?

Mr. HINTON. We have not done any analysis of the percentage of occupants of military family housing performing jobs requiring ready access to their work sites. DOD is probably in a better position to answer this question.

Senator DIXON. Mr. Hinton, in your investigation of the actual obligation of operations and maintenance funds budgeted for section 801 leases, were you able to determine how the excess funds were spent?

Mr. HINTON. According to DOD, these funds have been reallocated within the family housing account. For fiscal year 1990 of the \$7.1 million for Army projects which were canceled or delayed, \$3.9 million was reallocated to other 801 projects, and \$3.2 was used for foreign exchange costs of the overseas family housing program.

Senator DIXON. Mr. Hinton, as a result of your agency's review of this issue, do you have any recommendations on important features which ought to be incorporated in any future third party financing authority for family housing?

Would expansion of the new lease-purchase authority, section 2812, to include family housing be a useful step?

Mr. HINTON. Our review focused on the comparative advantages and disadvantages of housing allowances and military owned or controlled housing. We therefore have no recommendations to make on this issue.

We believe that section 2812 would be another way to provide military family housing but as with 801 and Milcon projects it would also require a long-term commitment by the Government. As we have testified, we believe it to be more preferable at this time to provide family housing through a more flexible means such as housing allowances.

PLANNING FOR MILITARY CONSTRUCTION

Senator DIXON. Mr. Berteau, what guidance has the Office of the Secretary of Defense given to the military services and Defense Agencies regarding planning for military construction during this period of turbulence?

How are you avoiding assignment of new missions or investment in facility modernization at bases which may ultimately be closed?

Have you directed postponement of construction at logistics installations until the consolidations envisioned under the Defense Management Review are identified?

When do you expect these consolidations to be determined? What impact will they have on our logistics base structure?

Mr. BERTEAU. On January 24 Secretary Cheney imposed a moratorium on the award of all new military construction contracts and directed the Secretaries of the military departments and the Defense agencies to review their plans for future military construction. On April 30 he extended the moratorium for another 45 days to continue the review, taking into account the impact of approved and potential Defense Management Report Decisions, base closures and realignments, changes in the force structure and disposition of the Armed Forces, increasing fiscal constraints on resources available for national defense, and any other matters that affect the need for military construction.

As part of the Department's Program Objective Memorandum exercise now in progress, additional bases may be identified and proposed for closure or realignment at which time new missions or facility modernization investments would be delayed. The final decision on these proposals would not be made until completion of the

environmental analyses required under the National Environmental Policy Act (NEPA). Analyses for closure or realignment address fiscal, local economic, budgetary, environmental, strategic, and operational consequences. After the analyses are completed, the Department will determine whether or not to proceed.

Construction at logistic installations is being addressed during the moratorium review.

On April 12, 1990, the Deputy Secretary of Defense approved the consolidation of material distribution functions at defense supply depots, to improve overall performance and assist in controlling costs. As a first step in this process consolidation of the five supply depots in the San Francisco Bay Area will serve as a prototype. The depot maintenance consolidation study is reviewing options for consolidating depot maintenance workload. Current planning is that proposed consolidations will be submitted by the military departments for OSD review in October 1990. Consolidations are expected to streamline the logistics base structure and tailor it to the reduced force structure requirements.

Senator DIXON. General Ahearn, how are you dealing with the turbulence you are facing in your base structure? Have you identified a core of bases which are unlikely to close under force structure scenario?

General AHEARN. No, however, we are in the process of evaluating the utility of our bases. As you know, we have five bases scheduled for closure associated with the Secretary of Defense's Base Closure Commission's recommendations. We have also announced the intent to study additional installations for closure based on reduced DOD funding level, perceived Soviet threat change, and retiring force structure.

Senator DIXON. How are you dealing with the turbulence you are facing in your base structure? Are you limiting modernization investment and substantial maintenance to these installations?

General AHEARN. With our reduced budget we cannot continue to maintain all of our facilities at their current level, let alone fund necessary modernizations. Therefore, we will have to make some tough choices. Some facilities will be maintained at current standards, while the quality of service for others will be at a lower level.

Senator DIXON. Is the assignment of new missions taking into account long term base structure reduction and rationalization?

General AHEARN. Yes. As we've said, the Air Force annually reviews the base structure to ensure the best use of resources in a time of shrinking force structure. The criteria used in that review process includes geographic location, facility availability, community service, future force requirements, encroachment, budget, environment, and mission degradation.

Senator DIXON. How are you dealing with the turbulence you are facing in your base structure? You state that the Air Force construction request was screened for potential closures. Even so, you state that the request includes a request to construct housing on a base which is now under study for closure.

General AHEARN. We have four housing projects in our request at bases being studied for closure. One construction project for a housing office at Myrtle Beach and three improvement projects at Eaker, Bergstrom and Myrtle Beach. Our policy for these types of projects at studied bases is as follows. Programming new projects will be deferred, pending a final decision on closure. Projects currently in design, will be completed and project will then be held, pending a final decision on closure. No new projects will be advertised for construction, pending a final decision on closure. Projects under construction will continue. A decision to cancel, modify, or continue with construction will be made upon a final decision on closure.

Senator DIXON. What force and manpower assumptions were used in this screening? Can you certify that the Air Force construction request is consistent with the force and manpower options which are being contemplated in your fiscal year 1992-1997 program development?

General AHEARN. Our fiscal year 1991 Milcon request has been reconciled and is consistent with DOD's force structure realignments announced 29 January.

BASE STRUCTURE TURBULENCE

Senator DIXON. Service witnesses: How are you dealing with the turbulence you are facing in your base structure?

Have you identified a core of bases which are unlikely to close under force structure scenario?

Are you limiting modernization investment and substantial maintenance to these installation?

Is the assignment of new missions taking into account long term base structure reduction and rationalization?

General OFFRINGA. The Army has linked its base structure proposals directly to the need to reduce the size of the force during the next few years. As such, we are faced with the difficult task of managing the evolution of both the force and the attendant base structure which will support it into the next century. In order to effectively manage this time of transition within our base structure we have created an office within the Office of the Chief of Staff, Army to oversee the execution of all base realignment and closure actions. This office, the Base Realignment and Closure Office, is charged with serving as the focal point within the Army for the planning and execution of all base realignment and closure initiatives by: ensuring we develop an integrated, coherent plan which addresses all initiatives; and coordinating the execution of all base realignment and closure actions (between/among) the responsible executing agencies.

The Army continues to develop its future force based upon the strategic requirements to accomplish its worldwide contingency missions. As the strategic requirement evolves, so will the base structure required to support the Army evolve. However, there is not a predetermined list of core bases which are unlikely to close under various force structure scenarios.

As prudent managers the Army is restricting the modernization and maintenance expenditures at installations being considered for closure. In addition the military construction and family housing appropriations are undergoing continuous review while plans for reductions are being reviewed.

In general, no new missions have been assigned Army forces. However, existing missions have been shifted among units because of planned force structure reductions. Base structure, both in CONUS and overseas, has been a factor in determining which units would continue in the force structure. Obviously this is not the only factor, but one which was taken into account. Bottom line is that base structure reductions and rationalization for those bases remaining is a consideration as missions are moved among units due to the Army's decreasing size.

Senator DIXON. General Adams, how are you dealing with the turbulence you are facing in your base structure?

Have you identified a core of bases which are unlikely to close under force structure scenario?

Are you limiting modernization investment and substantial maintenance to these installations?

Is the assignment of new missions taking into account long term base structure reduction and rationalization?

General ADAMS. The Marine Corps, based on foreseeable force structure changes, does not envision any significant change to domestic base structure requirements. However, in conjunction with the DOD-wide base realignment and, closure efforts, the Marine Corps will continue to evaluate potential realignments that would enhance mission performance capabilities within the realities of current budget projections. Major new investments will not be made in any location under consideration until a final decision is made. Further, Marine Corps is not implementing any new mission assignments which would be disrupted by potential base structure decisions.

Senator DIXON. Admiral Buffington, how are you dealing with the turbulence you are facing in your base structure? Have you identified a core of bases which are unlikely to close under force structure scenario? Are you limiting modernization investment and substantial maintenance to these installations? Is the assignment of new missions taking into account long term base structure reduction and rationalization?

Admiral BUFFINGTON. During this period of rapid change, we have intensified the management and oversight of our facilities programs. In addition, we are currently conducting a thorough study of our entire shore infrastructure to determine which assets are necessary to retain in support of future missions. Prudent management of our modernization and maintenance accounts, in concert with our ongoing study, has minimized the risk of making investments at activities that may be affected by the conclusions of our study.

NATIONAL GUARD AND RESERVE PROGRAM

Senator DIXON. General Offringa, in your statement, you refer to the past growth in the Army National Guard and the Selected Reserve, and infer that force level is likely to continue. Can you provide for the record the programmed force level of the National Guard and Selected Reserve for each year of the current 5 year program? What are the facility implications of force reductions within these components?

General OFFRINGA. The programmed force levels of the Army National Guard and the Army Reserve for the current 5 year program is:

	PERSONNEL IN THOUSANDS				
	FY 92	FY 93	FY 94	FY 95	FY 96
ARNG	422	392	381	381	381
Reserve	289	269	264	264	264

The implications for facilities in the Army National Guard are significantly different from the Active Component during a proposed drawdown operation. Once facilities are built (i.e., armories) the various States are responsible for their upkeep. There would be, therefore, no impact from a Federal standpoint on base operations if armories are closed. From the standpoint of construction, however, requirements would still exist to construct new armories due to force structure changes and the fact that changes in demographics would require new facilities to be built in areas capable of supporting the structure. Failure to perform the construction will result in increasing lease costs and lowered morale and efficiency due to operating in facilities not designed for the purpose.

In the Army Reserve, our analysis of the impact of troop unit reductions shows that the major benefit will be to reduce overcrowding in an existing facilities inventory that currently experiences and average utilization rate over 200 percent of capacity. In a few isolated cases we will be able to eliminate leases at a savings that approaches \$1 million per year. The construction backlog, already at \$2.3 billion, will be reduced slightly. However, the document shortfall of required facilities on hand will remain substantially high and its elimination would require an investment of \$330 million per year over course of the 1992 to 1997 Defense Plan.

OVERSEAS CONSTRUCTION

Senator DIXON. General Ahearn, in light of the administration's recent announcements of European and Asian force structure reduction goals, how can we be assured that the construction projects requested overseas in fiscal year 1991 will still be required in the coming years? General Galvin has already stated that several of the projects requested for the European theater are no longer needed.

General AHEARN. We have carefully reviewed the Air Force's fiscal year 1991 overseas Milcon program and only bare bones new mission and hard core current mission projects are reflected. In Europe, the Air Force thoroughly considered future impacts of force structure reduction potentially resulting from the on-going CFE talks. Additionally, we considered even greater force reductions that could conceivably result from future negotiations and constrained our program in Europe to projects at bases that we are fully confident will have U.S. force structure in the long-term. In the Pacific, with the exception of an aircraft control tower cab project at Clark, AFB, Philippines, our program supports Milcon for those installations in countries that are not presently undergoing sensitive base rights negotiations.

General OFFRINGA. The military construction appropriations are undergoing continuous review while plans for reductions overseas are being developed; given the fluid nature of the international environments, prudent management demands nothing less. When the fiscal year 1991 budget was developed, we felt that given our knowledge of the Army's future presence in Europe and Asia, the projects forwarded for your approval were the best suited to meet our future needs in those regions.

General Galvin is deeply involved in the Conventional Forces Europe negotiations process and the planning needed to implement whatever reductions are finally agreed to by all parties. At the time of his testimony, he had information that was not available to the Army when it finalized its submission. Other than the projects, mentioned by General Galvin, we know of no other fiscal year 1991 projects that are no longer by our forces overseas. If events require a further change to the fiscal year 1991 program, we will notify you as quickly as possible. We cannot guarantee that our requirements will not change; we can only assure you that the highest levels of the Army's leadership are involved in the review and reallocation of our construction appropriations.

Admiral BUFFINGTON. The force structure changes were anticipated by the Navy and adjustments in overseas projects made before the fiscal year 1991 military construction budget went forward to Congress. This is evident in the reduced overseas total of \$32 million (excluding U.S. territories and family housing) in fiscal year 1991, versus \$92 million in prior years. The fiscal year 1991 projects are concentrated on bases in Iceland, Cuba, Italy, and Guam, where a Navy presence and essential security missions will remain for the foreseeable future. Since these are mainly isolated duty stations with no personnel support available in local communities,

projects emphasize quality of life improvements for military members and families who spend up to 3 years at these remote bases.

General ADAMS. This issue pertains to only one Marine Corps project in fiscal year 1991. It will convert and upgrade an old hangar for the maintenance of AV-8B aircraft at Marine Corps Air Station, Iwakuni, Japan. Until all decisions that are relevant to our overseas base structure are made, we cannot be assured that the overseas construction project requested in fiscal year 1991 will still be required in the coming years. Until that happens it would be wise to proceed with the current program as it has been submitted. We need this facility if we are to continue to operate out of Japan.

Senator DIXON. Mr. Berteau, the Federal Government holds substantial real estate assets through the Resolution Trust Corporation. These are residential and commercial properties which were assets of failed savings and loans. Has the Department established a process to review these assets to determine if they could economically be used to meet military requirements?

Mr. BERTEAU. We've looked at acquiring these properties and found it would not be feasible for several reasons:

(a) The commercial, office, warehouse and raw land parcels are not near installations having the need.

(b) Single family detached dwellings would be excluded from consideration due to the high cost of operating and maintaining stand-alone properties.

(c) All housing acquisition requires line item authorization from Congress and must meet a specific housing shortage. The Resolution Trust Corporation requires that all sales be at market value, including land costs. This increases the acquisition price and makes it more costly than construction on government owned land. Also congressionally imposed size restrictions and DOD construction standards pose further restraints.

We'll keep in touch with the Resolution Trust Corporation to monitor any changes that would make the situation more favorable.

BURDENSARING

Senator DIXON. General Ahearn, in your testimony, you state that the reduced level of overseas construction is related to congressional interest in increase burdensharing by our allies. Please quantify how allied burdensharing has increased.

General AHEARN. Recognizing the emphasis in last years congressional hearings on the need to increase burdensharing and reduce U.S. investment overseas the Air Force has significantly reduced the size of the fiscal year 1991 Milcon request for overseas locations. The overseas program supports only hard core current mission and new mission projects at locations that we are sure will have a U.S. force structure following the on-going CFE talks. The 401st Tactical Fighter Wing relocation to Crotone AB, Italy remains a prime example of increased burdensharing by NATO. NATO has taken an extraordinary step in funding facilities beyond what is typically eligible for NATO infrastructure funding.

THIRD PARTY FINANCING

Senator DIXON. Mr. Berteau, what use is made of operations and maintenance funds which are budgeted for 801 lease programs, but cannot be expended for this purpose?

Mr. BERTEAU. The services diligently attempt to predict acceptance dates for planned section 801 units. Our budgets reflect these best estimates. Where contractor delivery has not occurred as projected, the services reprogram the funds into other operations and maintenance activities, subject to the 10 percent legislative threshold. Almost all such reprogrammed funds have been used to help alleviate our extensive, maintenance and repair backlog.

Senator DIXON. Mr. Berteau, the family housing stock of the military services faces substantial renovation to meet current standards. This committee has supported the concept of whole house renovations as an economical way to make these improvements and extend the life of the existing housing stock.

Does the Department have a policy regarding the relationship of whole house renovation costs to the cost of replacing the structures? Where do you draw the limit between renovation and replacement?

Mr. BERTEAU. Since all economic models favor revitalization up to 50 percent of new constructor, we are using this threshold in our revitalize or replace determinations.

Senator DIXON. General Ahearn, the Air Force plans to construct four new general officer quarters at Kirtland Air Force Base in fiscal year 1992 at a unit cost of

about \$160K. If the cost of new general officer housing is somewhere between \$160K and \$200K, how does the Air Force justify its request to spend over \$280K per unit for the renovation of six general officer quarters at Bolling Air Force Base?

General AHEARN. The Bolling AFB General Officer Quarters are quality homes that have fallen into disrepair from decades without major maintenance and repair. The entire \$280K cost is for maintenance and repair work. No improvements are being done in this project. We estimate to replace these units in kind would cost on the order of \$350K each. While it is possible to build new housing for less, the net result would be homes of a lower standard than the existing homes. Overall, we believe the investment to repair these homes; unique in style, appearance, and design; is a sound investment.

Senator DIXON. In your statement you say that the Air Force has found no third party financing mechanism for housing renovation which was "both economically attractive and consistent with established budgeting procedures." Yet you point out that you are proposing the use of the section 802 rental guarantee program essentially to finance the rehabilitation of existing housing. Do you see the section 802 program as a broadly useful mechanism to finance whole house renovations?

General AHEARN. OSD guidelines limit the funds available for section 802 projects to the member's total housing allowances plus an additional 15 percent (BAQ + VHA + 15 percent). Bearing this in mind, section 802 is a useful mechanism to renovate units in locations where there is not a surplus of community homes available to our service members and where housing allowances are within 15 percent, of the community rental rates. Conversely, in areas where these conditions are not present, the Milcon alternative or a revived Capehart authority would be a more useful mechanism.

Senator DIXON. Does reenactment of a government mortgage program such as the old Capehart Housing Act offer such a mechanism? If so, does the Air Force and the Department of Defense support such legislation?

General AHEARN. The Capehart legislation is a proven approach which served the DOD well in the past to solve a serious housing shortage during a time of limited budget. This approach distributes the needed funds evenly over a manageable time period to alleviate our growing backlog of deteriorating military family housing. Also, by deferring payments into future years, the discounted net present value of Capehart is considerably less than simply increasing appropriations to alleviate the same backlog in the same amount of time. However, this Capehart approval is not consistent with established budgeting procedures. These procedures require the total appropriation to be scored in the first year of the contract authorization. We have requested a waiver to this requirement, but it has been denied by OMB.

Senator DIXON. Mr. Berteau, for several years during the mid 1980s, Congress pressed the DOD to evaluate contract construction and operation of child care centers. Each service carefully documented why the approach was totally unsuitable and uneconomic. Now, I note that the Department is proposing several third party financed and operated centers. What has changed to make this "unsuitable" idea now attractive?

Mr. BERTEAU. At the time the services were considering privately financed child care centers, they were targeting the service for military dependents only. Military child care development centers are subsidized by both appropriated and non-appropriated funds. The first consideration of privately financed centers envisioned that they be totally supported by patron fees, which made them too costly for junior enlisted families, thus arriving at the conclusion that they were unsuitable and uneconomical.

After receiving general authority to provide child care to all government employees, we again looked at using our authority, subsidized to the extent the Federal Government generally supports child care in Federal buildings, i.e., the Government pays for the facility and utilities, while the patron fees cover staff and supplies. Using this formula, the Department has been able to provide affordable child care to many at the Pentagon and at Defense Depot, Tracy, CA. We have another child care center that is ready to advertise for the National Security Agency at Fort Meade, MD.

Senator DIXON. General Adams, in the report accompanying last year's authorization conference, the conferees noted significant health and safety deficiencies at the Marine Corps Mountain Warfare Training Center at Bridgeport, California. In response to this situation, the conferees earmarked some family housing construction for this site. They also directed the Marine Corps to request \$8 million in its fiscal year 1991 military construction request to provide austere support facilities, and use up to \$2.3 million in fiscal year 1990 minor construction and operations and maintenance funds to make the most pressing improvements.

Could you advise the subcommittee of the status of funding the \$2.3 million of improvements in the current fiscal year? When will contracts be let for this work?

General ADAMS. The following projects address the appropriate repairs and improvements funded by not more than \$2.3 million minor construction and repair and maintenance authorization, to the MCMWTC complex as directed. Due to the recent decline in O&M funding, only a portion of the required work can be accomplished in the current fiscal year. Contracts for the work shown below will be let in the fiscal year indicated, funds permitting.

<u>PROJECT #</u>	<u>TITLE</u>	<u>COST</u>	<u>FY FUNDING</u>
PE-130MS	*REPAIR ROADS & PAVEMENT	844K	91 REPAIR
PE-218R	*CONSTRUCT PARKING LOT & ROAD	180K	92 MINOR CONSTR
PE-220R	*EXPAND COMMUNICATION AREA	195K	92 MINOR CONSTR
P-797	**TROOP BILLETING AND SUPPORT	370K	94 MILCON (\$8M)
P-539	**EQUIP MAINT BLDG ADDITION	<u>700K</u>	94 MILCON (\$.7M)
	TOTAL	2.29M	

Note: * These projects have been authorized for design and will compete with other valid projects for program funding in the fiscal years indicated.

** This MILCON project includes scope that was initially determined to be minor construction but is more appropriately included within the scope of this MILCON project.

Senator DIXON. Why was the \$8 million in construction not included in the corps amended fiscal year 1991 budget request?

General ADAMS. As noted in previous statements, the Marine Corps military construction funding has declined significantly both in fiscal year 1990 and fiscal year 1991. The tempo of Marine Corps operations has changed little in light of this reduced funding. Therefore, the paucity of funds and other pressing operational requirements precluded the inclusion of the subject \$8 million military construction project in our amended fiscal year 1991 budget request.

Senator DIXON. Would you provide for the record offsets from the corps fiscal year 1991 military construction request to fund this high priority need?

General ADAMS. As previously noted, the Marine Corps military construction budget is very constrained while existing operational requirements remain relatively unchanged. We have no room to provide offsets from our fiscal year 1991 military construction request to fund austere support facilities at Bridgeport. We plan to address this requirement in our fiscal year 1994 military construction budget request. It should be noted that the Marine Corps has invested more than \$32 million in the MCMWTC since the Master Plan was approved in 1982. While we are pleased with the results thus far, we are aware of the improvements that still need to be addressed. In an environment of increasing fiscal austerity it will simply take longer to accomplish the task. We intend to stick with the Master Plan and we appreciate your concern and support in this endeavor.

MISCELLANEOUS QUESTIONS

Senator DIXON. General Ahearn, the Defense Department's legislative package includes a proposal to authorize capital assistance to the civilian communities around Whiteman Air Force Base, Missouri. I presume that this request is based upon the anticipated military population growth associated with the planned deployment of the B-2 bomber at that location.

General AHEARN. If significant force structure changes were programmed, the quantity of impact aid for Whiteman would require revalidation through the Department of Defense Office of Economic Adjustment. If the anticipated growth in base population were significantly reduced, then likely the impact aid could likely be reduced.

Senator DIXON. Mr. Berteau, in your statement, you highlight the need for a replacement hospital at Vicenza, Italy, and point out that its serviced population will not change by any currently discussed force reductions. Would you provide for the record a plan, by location, to reduce the military presence on the NATO flanks from its current level of 53,000 to President Bush's ceiling of 30,000?

Mr. BERTEAU. Work is currently underway to develop a detailed Base Realignment Plan for Europe that takes account of the proposed force cuts in Europe. While a detailed plan will not be completed until July 1, 1990, the U.S. European Commanders have identified certain "core bases" that will not be affected by the initial agreements on Conventional Force Reductions in Europe (CFE). Currently, there are no force reductions planned for the Army installation at Vicenza and the replacement hospital project remains a valid requirement for the foreseeable future.

HOST NATION SUPPORT

Senator DIXON. General Offringa, in addressing Army Milcon requested for Japan and Korea, you state that these countries' host nation support programs will not fund these projects. What efforts has the Department made in the last 2 years to expand the criteria of these programs? Why is an "essential ammunition storage" facility in Korea not considered a "war fighting project"? What are the facility impacts of the announced reduction of U.S. military forces from Korea?

General OFFRINGA. The official U.S. forces, Korea action was the CINC's request to the Republic of Korea (ROK) Ministry of National Defense (MND) to meet to discuss options to expand construction eligibility. MND agreed and the first meeting occurred in February 1990. During this meeting, ROK MND representatives expressed their willingness to continue discussing possible changes to accommodate U.S. requirements. Follow-up discussion on this issue is scheduled to take the week of 14 May during the Policy Review Subcommittee (PRS) meeting between the U.S. and ROK. The fiscal year 1991 Milcon, Army, Munitions Storage project will store unit basic load (UBL) ammunition for various 2nd Infantry Division (2ID) units. The U.S. considers this type of facility a war fighting project and a safety necessity. The ROK Army does not construct facilities for basic load ammunition for its units and does not allow the construction of basic load ammunition facilities with CDIP funds. ROK criteria allows funding of CDIP projects which support:

- a. The stationing of additional U.S. units or new weapons.
- b. The improvement of ROK-U.S. command/control systems.
- c. ROK-U.S. early warning systems.
- d. War reserve ammunition/POL storage for ROK-U.S.
- e. Storage facilities for ammunition/POL for augmentation forces.

The currently planned troop reduction of 5,000 Army support and headquarters personnel will have almost no impact in the facilities area. This is because the units affected are located at numerous installations throughout Korea. Due to mission requirements and the small number of personnel reductions at each individual installations, we will not be able to consolidate and restation the remaining forces in order to close installations. Currently proposed Milcon construction is almost entirely for 2ID (which is not affected) and weapon systems upgrades. Force reductions will allow us to improve the quality of life of our remaining personnel. However, facility shortfalls will still exist which can only be corrected with the requested Milcon construction.

FORT HOOD FACILITY NEEDS

Senator DIXON. What is the near term need for additional support facilities at Fort Hood in light of the planned inactivation of a division there?

General OFFRINGA. Near term facility needs at Fort Hood without the 2nd Armor Division are for barracks, DOL maintenance facility, ranges and aircraft hangars. Fort Hood is currently authorized 38,801 soldiers. The proposal to inactivate one division eliminates 11,319 soldiers, only 29 percent of the total soldier population.

a. *Barracks.*—Existing adequate barracks meet only 60 percent of Fort Hood's requirements even after the 2nd Armor Division requirements are subtracted. Out of 102 permanent barracks, 67 are substandard as mechanical, electrical and plumbing systems are in advanced stages of deterioration. Gang latrines still exist. Barracks requirements without the 2nd Armor Division are 12,659 spaces, while existing facilities provide only 7,692 adequate spaces. Fort Hood must renovate 4,967 spaces to provide adequate barracks for remaining Fort Hood units. With the fiscal year 1991 projects only 27 percent of the Fort Hood requirement, without the 2nd Armor Division, will be met.

Company level operations and administration area shortfalls of 375,000 SF will still exist without 2nd Armor Division. Barracks modernization projects through fiscal year 1991 will provide 27 percent of this requirement.

b. *DOL maintenance facility.*—Phases II and III of the new DOL maintenance facility are a continuation of the construction effort to replace the dilapidated facilities.

ties currently in use, not an expansion to the existing DOL maintenance activity. The existing World War II DOL maintenance facilities, which are not suitable for maintenance of modern armor vehicles, prevent the use of state-of-the-art equipment, and limit productivity, efficiency, and morale.

Phase I is nearing completion and represents only a portion of the DOL maintenance shops, i.e., component overhaul and customer service shops. There is a 6 mile separation between the new Phase I shops and the existing substandard maintenance compound which includes production planning and control, the main supply activity, and the installation maintenance management office, which all support the Phase I shops. As result, DOL will incur additional costs associated with running a split operation until completion of construction planned in Phases I and III and relocation of the entire DOL maintenance complex to the new location.

The Army will begin costing the user for depot level reparables by 1992. This will result in a significant increase in workload for the DOL Maintenance Division. In addition to supporting 1st Cavalry Division and III Corps units, Fort Hood also provides Direct Support/General Support maintenance support to Army Reserve units in 173 counties in northern Texas.

c. *Ranges*.—Fort Hood will continue to train III Corps, 1st Cavalry Division and Reserve component soldiers on 60 ranges. They need a new range control facility to replace World War II wooden shacks, need to modernize two multi-purpose training ranges to train M1 and M2 crews in realistic battlefield scenarios, need improved vehicular access to their ranges to save operating costs and they need a modern record fire range for basic marksmanship training.

d. *Aircraft Hangars*.—Fort Hood will continue to have more helicopters than hangar space even without the 2nd Armor Division. They need both additional maintenance hangars and simpler protective structures to prevent future damage from high winds.

FORT MILES RECREATION AREA

Senator DIXON. General Offringa, Congress has been very interested in expediting the return of the Fort Miles recreation area to the State of Delaware. Does the Army support such a transfer?

General OFFRINGA. Yes, the Army submitted a report to Congress on 5 January 1990, in accordance with section 2844 of the fiscal year 1990 National Defense Authorization Act Public Law 101-187. The Analysis and Conclusions section of the report recognized three options for Fort Miles. None of the options supported retention of Fort Miles by the Army. The third option suggested enactment of special legislation authorizing the transfer of all or part of the property to the State of Delaware.

FORT ORD WATER SUPPLY

Senator DIXON. The Army is requesting a \$29 million water project for Fort Ord, a closure candidate. What sort of commitment does the Army have to expand the area's water supply?

General OFFRINGA. The Army has negotiated an agreement with the Monterey Flood Control and Water Conservation District and the City of Marina to ensure a dependable long-term potable water supply for Fort Ord and surrounding communities. A dependable water supply will retain property values at Fort Ord, whether the Army remains or disposes of the property. Interagency agreement documents negotiated over the past 4 years have been approved by the city of Marina and Monterey Water District. Fort Ord is conducting a final review. The negotiated position of contribution is as follows:

a. Fort Ord:	\$21.2 Mil	Funded by MCA
b. Marina:	\$19.6 Mil	Funded by a bond issue
c. Monterey:	<u>\$44.0 Mil</u>	Funded by Bureau of Rec Loan
Total:	\$84.8 Mil	

Water Distribution System, Phase I (Fort Ord PN27343-fiscal year 1991), \$7.8 million, is the Army's share of the buy-in or connection fee for access to existing rights to the existing system. Regional Water System, Phase II (Fort Ord PN27344-fiscal year 1992), \$13.4 million, is Fort Ord's portion of the actual construction costs for the new potable water supply (8 wells), pipeline and distribution network.

TRIDENT D-5 MILCON PROGRAM AT BANGOR, WASHINGTON

Senator DIXON. Admiral Buffington, the Navy is proposing to construct facilities at Bangor, Washington, to support the retrofit of the base's Trident submarines with the new D-5 missile. In light of the difficulty which the Department of Energy is having in producing the warheads for these missiles, it appears that their deployment will likely slip. Would you review the system's most current deployment schedule and determine if the Bangor construction is still required in fiscal year 1991?

Admiral BUFFINGTON. The plans to activate Bangor and to outload submarines with Trident II (D-5) missiles are not impacted by the present difficulties being experienced by the Department of Energy. The first outload at Bangor is not scheduled until December 1995. Trident II (D-5) missiles are presently being planned to be fitted with both the Mark 4 warhead (currently used on the Trident I (C-4) missile) as well as the new Mark 5 warheads. [Deleted.] The construction is still required in fiscal year 1991 to meet the submarine backfit schedules which have not changed.

MILCON BUDGET CONSTRAINTS

Senator DIXON. General Adams, in your statement, you attribute the reduction in the corp's Milcon program to budget constraints, but state optimistically that this trend will be reversed in fiscal year 1992. Given the fiscal guidance for the fiscal year 1992-1997 program period, what is the basis for your optimism.

General ADAMS. My statement was more an expression of hope than an expression of optimism. The Marine Corps POM 92 appropriation controls were finalized shortly before I appeared before the subcommittee. Based on these controls the Military Construction (Milcon) requests for fiscal years 1992 and 1993 are the leanest in over a decade. However, in fiscal year 1994 the Milcon request will approximate that of the present request (fiscal year 1991) and will increase modestly through the remaining years of the 6 year defense plan.

MUSEUM FUNDING

Senator DIXON. Mr. Berteau, does the Department have any policy regarding the funding of museums at military installations? What are the appropriate funding sources for local museums which preserve the military heritage?

Mr. BERTEAU. Yes. The military department operations and maintenance programs are the funding sources for existing museums at military installations. Private funding is the source for construction of new museums at military installations. Military construction funding is not used for this purpose.

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

Senator DIXON. General Ahearn, civic action projects by military engineering units has long been viewed as an excellent source of training as well as an opportunity to advance U.S. interests through nation building and humanitarian assistance.

For the record, could you provide the subcommittee a record of the last 3 years of engineering training under civic action or similar programs. The data should include a brief description of the projects, i.g. location, duration, estimated person days, type of construction, training objective, and costs which exceeded normal training expenses.

General OFFRINGA. See attached (memorandums to be inserted for the record).

INTERNATIONAL
SECURITY AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-2400

11 March 1988

MEMORANDUM FOR MR. ARMITAGE

ASD/ISA [initials]

ASD/ISA [initials]

THROUGH: DASD/PA [initials]

SUBJECT: Annual Report to Congress on Title 10 Humanitarian/
Civic Assistance--ACTION MEMORANDUM

Attached for your review and signature is a report to Congress outlining the countries, costs, and type of activities associated with the new Title 10 initiative for the conduct of H/CA in conjunction with military operations. The report was due on 1 March 1988, but complete data from SOUTHCOM was unavailable.

The lateness of the FY 1987 appropriations precluded expenditure of the total authorized funding. Of \$3,000,000 authorized for FY 1988, the following was spent by command:

USSOUTHCOM	\$ 370,000
USPACOM	135,000
USEUCOM	15,000
USLANTCOM	<u>50,784</u>

Total	570,784
-------	---------

The actual cables from the participating unified commands are attached to the report as they provide detailed information about the various projects.

This report has been coordinated with AID in accordance with the 10 July 1987 MOU on this subject. OSD/LA, OSD(GC) and ISA regions have reviewed the report.

[Signature]

GEORGE A. D'ANGELO
Deputy Director, Office of
Humanitarian Assistance

Attachments

OSD/LA [initials] 3/15/88



INTERNATIONAL
SECURITY AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-2400

Honorable Les Aspin
Chairman, Committee
on Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to Chapter 20, Section 404, Title 10, USC, this report provides a list of countries in which humanitarian and civic assistance activities were performed, the type and description of these activities and the amount expended for each activity. This information was provided by the staffs of the unified commands responsible for the activity.

Eight developing countries participated in the program in FY 1987 at a total cost of \$570,783.

Because Section 403(a) requires a specific appropriation prior to the expenditure of funds, DoD could not expend funds until after the passage of the FY 1987 continuing resolution, thus delaying the program until the last quarter of FY 1987.

The program is judged to be extremely effective in those countries where conducted and is enthusiastically supported by the regional commanders.

This report is organized by regional command and lists each participating country, total expenditure in that country and the general type of activity performed. The attached reports from the commands further define the individual activities performed in each country and the cost of each activity.

<u>Country</u>	<u>Activity</u>	<u>Cost</u>
USPACOM:		
<u>Philippines</u>	Repair of surface transportation systems, rudimentary construction of public schools, health clinics and other public facilities, medical and dental care in rural areas.	\$119,480
<u>Thailand</u>	Medical and dental care in rural areas.	15,520

USLANTCOM:		
<u>Grenada</u>	Rudimentary repair to public water system and schools.	27,828
<u>St. Kitts</u>	Repairs to post office and hurricane shelters.	15,649
<u>St. Lucia</u>	Repairs to hospital and senior citizen home.	6,305
USSOUTHCOM:		
<u>Bolivia</u>	Construction of health care facility in rural area, medical treatment of local population, electrical repairs to public hospital.	160,000
<u>Honduras</u>	Medical, dental and veterinary care in rural areas, rudimentary construction and repair of public school.	210,000
USEUCOM:		
<u>Morocco</u>	Medical and dental care in rural area.	15,000
	Total	570,793

Sincerely,

UNCLASSIFIED

USCINCPAC

OJCS INFORMATION
SERVICE CENTER

PRIORITY
P 104302Z JAN 88
POL-USCINCPAC HONOLULU HI
TO- SECRET WASHINGTON DC//OSDP (ISA-MA)//
INFO AMEMBASSY BANGKOK//OSDIA/POL-HEL//
AMEMBASSY MANILA//OSDIA/POL-HEL//
HQ PACAF USARPAC HQ HI//LCS/PL/PL//
CINCPACFLT PEARL HARBOR HI//USJ//
COMUSCINCPAC FT SHAFTER HI//APOF-DI/APL-PI//
CG FMFPAC
USCINCPAC REP PHILIPPINES SUBIC BAY RP//NO//
CHIEF JUSMAG MANILA RP CUSUSMAGTHA: BANGKOK TH

UNCLAS //NOFORN//

SECTION 01 OF 01

SUBJ: AFTER-ACTION REPORT: FY-87 USCINCPAC HUMANITARIAN/CIVIC
ASSISTANCE PROJECTS CONDUCTED UNDER TITLE 10
A. SECRET 002232Z NOV 87

1. FOLLOWING PARAGRAPHS DESCRIBE TITLE 10 HUMANITARIAN/CIVIC
ASSISTANCE (H/CA) PROGRAMS CONDUCTED DURING FY-87. FUNDS
(\$148,000) WERE RECEIVED DURING THE LAST SEVEN WEEKS OF THE FISCAL
YEAR; ALL WERE OBLIGATED. ALL PROJECTS WERE COORDINATED WITH AND
EXECUTED IN CONJUNCTION WITH EMBASSY AND USDAO
2. PROGRAM NO. HA-1 (CIVIC ACTION CONSTRUCTION
SUPPORT-PHILIPPINES):

A. DATES OF PROJECT: ONGOING

B. FOLLOWING IS STATUS OF AIR FORCE AND NAVY PROJECTS.

(1) AIR FORCE PROJECT \$118. SEVEN MULTIPROPOSE PAYING
PROJECTS IN THE MUNICIPALITIES OF CAPAS AND BAMBAN IN TARLAC
PROVINCE AND ANGELES CITY, FLORIDABLANCA, PORAC, MABALACAT, LUBAO
IN PAMPUNGA PROVINCE. MATERIALS REQUESTED BUT NOT ALL
RECEIVED.

(2) NAVY PROJECT - \$148. PROJECT CONSISTS OF CONSTRUCTING
3-ROOM SCHOOL HOUSE IN THE MUNICIPALITY OF SUBIC. DUMALES
ORIGINAL START DATE DELAYED BY RECENT SECURITY THREAT TO
U.S. PERSONNEL. PROJECT START 3 DEC 87 WITH COMPLETION IN
APPROXIMATELY 2-3 MONTHS. CURRENTLY 100% COMPLETE.

C. UNITS INVOLVED: 134F PRIME BEEF (50 PERSONNEL) FOR AIR
FORCE PROJECT, AND SEABEES (UP TO 100) FROM
COMUSCINCPAC (FOR NAVY PROJECT).

D. TOTAL U.S. DOLLAR COSTS: \$25,000.

E. OBJECTIVES ACHIEVED: POSITIVE AMERICAN INFLUENCE EXERTED
IN A TURBULENT GEOGRAPHIC AREA. MUCH HAS ALREADY BEEN GAINED
THROUGH THE INTERFACED OF U.S. AND REPUBLIC OF THE
PHILIPPINES MILITARY WITH LOCAL CIVILIAN OFFICIALS IN PLANNING FOR
THE PROJECTS. PUBLICITY WILL HELP ENSURE AWARENESS OF THE PROJECTS
IN THE CIVILIAN COMMUNITY. SUCH PROJECTS ARE ESSENTIAL TO
MAINTAINING A COUNTERBALANCE TO COMMUNIST ACTIVITY IN THE REGION.
3. PROGRAM NO. HA-2 (CONSUMABLE MEDICAL SUPPLIES FOR COBRA GOLD
'87 (THAILAND)).

A. DATES OF PROJECT: 7 AUG 87 - 25 SEP 87

B. DESCRIPTION AND SPECIFIC LOCATIONS OF PROJECTS:

(1) THE WESTCON EXERCISE CELL AND JUSMAGTHA'S SUPPLY
OFFICE PROCURED MEDICAL SUPPLIES, AND THE EXERCISE CELL BEGAN
DISTRIBUTION ON 7 AUG 87.

(2) THE USING UNITS REACHED A LARGE POPULATION FOR THE
AMOUNT OF RESOURCES DEVOTED TO THIS PROGRAM. RECORDS INDICATE THE
FOLLOWING PATIENT TREATMENT WORKLOAD:

UPPER RESPIRATORY INFECTIONS	818
GASTRO-INTESTINAL INFECTIONS	700
GENITO-URINARY TRACT INFECTION	110
EARS, EYES, NOSE, & THROAT	727
OBSTETRIC & GYNCOLOGY	129
LIVER DISEASE	7
BACK PAIN & HEADACHES	337
DENTAL PROBLEMS	693
HEART PROBLEMS	10
DERMATOLOGICAL PROBLEMS	156
MUSCULO-SKELETAL PROBLEMS	279
SURGICAL PROBLEMS	82

ACTION USDP(8)

INFO BRUCKS:OSDP(1) RTDS(1) OJCS CONTROL(1) SECRET(1)
SECRET(8) ASD-ISA(1) USDP-ISA(1) USDP-OSDA(1)
USDP-DEF(1) USDP-PM&A(1) USDP-POL(1) USDP-PL&A(1)
USDP-PP(1) USDP-HUMAN(1)

HALABIA 3
BURNS 1
EPILEPSY 1
TOTAL 3.382

(3) LOCATIONS: BAN EOK LOI, BAN HONG SORANG,
BAN PHONG SABAN, BAN CHONG, UDONT.

C. TYPE, UNIT DESIGNATION, AND SIZE OF UNITS CONDUCTING THE
ACTIVITY:

(1) THE 30 MW, 1ST SPECIAL FORCES GROUP, PROVIDED 3 MEDICAL
OFFICERS AND 7 NCO'S WHO OPERATED EMERGENCY HOSPITALS IN
BAN EOK LOI, BAN HONG SORANG, BAN PHONG SABAN, AND BAN CHONG.

(2) THE 351 CIVIL AFFAIRS COMMAND PROVIDED ONE MEDICAL
DOCTOR WHO OPERATED IN THE REGION NORTH OF SORAT.

D. TOTAL U.S. DOLLAR COSTS: \$25,520.

E. OBJECTIVES ACHIEVED: U.S. PERSONNEL TREATED OVER
3,200 PATIENTS, AND THE MULTIPLIER EFFECT OF POSITIVE INFLUENCE ON
THE POPULACE WAS ENORMOUS. THOUSANDS WERE WITNESSED THE PROGRAM
AND PUBLICITY WAS SUBSTANTIAL. MEDICAL PROGRAMS OFFER SOME OF THE
MOST DIRECT, VISIBLE, AND LONG-LASTING OPTIONS FOR H/CA. IN THIS
CASE, PROVINCIAL AND NATIONAL MILITARY AND CIVILIAN LEADERS WERE
KEPT APPRISED OF PROGRESS, AND THE U.S. OBJECTIVES WERE ACCEPTED AS
BEING OPEN, FRIENDLY, AND GENUINE ATTEMPTS TO ASSIST.

F. LESSONS LEARNED:

(1) THE MAJOR PROBLEM OF COURSE, WAS THE LACK OF TIME TO
PREPARE AND EXECUTE THE PROGRAM. TO MEET THE OPERATIONAL
REQUIREMENTS OF THE EXERCISE, MEDICAL SUPPLIES HAD TO BE ISSUED
WITHIN 48 HOURS OF SECRETARY APPROVAL OF THE PROGRAM. THE WESTCON
EXERCISE CELL DID AN OUTSTANDING JOB OF MEETING THIS CHALLENGE.

(2) RECOMMENDATION FOR IMPROVEMENT: FOR FUTURE EXERCISES
PROGRAM APPROVAL SHOULD BE PROVIDED WELL IN ADVANCE OF THE EXERCISE
TO ALLOW FOR ADEQUATE PROGRAM DEVELOPMENT, PLANNING, AND EXECUTION.

A. PROGRAM NO. HA-3 (PHILIPPINE MEDICAL ASSISTANCE PROJECTS):

A. NAVY PROJECT:

(1) DATE OF PROJECT: 18 DEC 87.

(2) DESCRIPTION AND SPECIFIC LOCATION OF PROJECT: MEDICAL
ACTION, TRA, ZIMBALES.

(3) TYPE, UNIT DESIGNATION, AND SIZE OF UNIT CONDUCTING
ACTIVITY: NAVY HOSPITAL, SUBIC BAY, 25 MEDICAL PERSONNEL.

(4) TOTAL U.S. DOLLAR COST: \$2,500.

(5) OBJECTIVES ACHIEVED: EXAMINED AND TREATED
900-1,000 PATIENTS IN A HIGH VISIBILITY PROGRAM, CREATED IMMEDIATE
AND POSITIVE PUBLIC RECEPTION IN THE COMMUNITY ADJACENT TO SUBIC.

(6) LESSONS LEARNED: PRE-ARRANGED PHARMACY SUPPLIES WILL
EXPEDITE PROCESSING. PRE-SURVEY TEAMS REQUIRED FOR EXPEDITING
LARGER NUMBER OF PATIENTS.

(7) RECOMMENDATIONS FOR FUTURE IMPROVEMENT: LOCAL STRAN-
GER MEDICAL PERSONNEL SHOULD SCREEN PATIENTS PRIOR TO U.S. PROVIDING
FOR EFFICIENCY.

B. AIR FORCE PROJECT:

(1) DATE OF PROJECT: 20 DEC 87.

UNCLAS //NOFORN//

SECTION 02 OF 01

SUBJ: AFTER-ACTION REPORT: FY-87 USCINCPAC HUMANITARIAN/CIVIC

(2) DESCRIPTION AND SPECIFIC LOCATIONS OF PROJECT: MEDICAL
CIVIC ACTION PROJECTS, STA RITA, CAPAS, TARLAC.

(3) TYPE, UNIT DESIGNATION, AND SIZE OF UNIT CONDUCTING
ACTIVITY: CIVIL ACTION TEAM, 3RD "ACTUAL FIGHTER WING,
CLARK AIR BASE, 10 U.S. PERSONNEL.

(4) TOTAL U.S. DOLLAR COST: \$3,345.01.

(5) OBJECTIVES ACHIEVED: TREATED 870 INDIGENT PATIENTS
DURING COPE THIN EXERCISE. ENORMOUS BENEFIT FOR A MINUTE DOLLAR
COST.

C. NAVY PROJECTS, PHASE TWO:

(1) DATE OF PROJECT: 1-14 DEC 87. NOTE: DELAYED FROM
ORIGINAL PROJECT DUE TO INSURGENT THREATS TO U.S. PERSONNEL
CONDUCTED IN CONJUNCTION WITH EXERCISE BALITAPAN 87.

(2) DESCRIPTION AND SPECIFIC LOCATIONS OF PROJECTS

MEDICAL CIVIC ACTION PROJECTS CONDUCTED AT FOLLOWING LOCATIONS:

(A) = SAO, HONGKONG, BATANG (457 PATIENTS)
(B) = SAO, BOTOLOAN, ZIMBALES (412 PATIENTS)
(C) = SAO, HONGKONG, BATANG (412 PATIENTS)
(D) = SAO, RAFAEL, SAN MARCOS, ZIMBALES (210 PATIENTS)
(E) = SAO, CARABANG, ZIMBALES (563 PATIENTS)
(F) = SAO, DIMALUPUN, BATANG (712 PATIENTS). AND OTHER
400 HALABIA TREATS OBTAINED.

MCN=88012/01599 TCN=88013/04482

TAC=88013/05092 CDSN=88013/05092

UNCLASSIFIED

GJCS INFORMATION
SERVICE CENTER

(6) BARRIO BARNETTO, OLONGAPO CITY (1,048 PATIENTS)
(3) TYPE, UNIT DESIGNATION AND SIZE OF UNIT CONDUCTING
ACTIVITY: JOINT HONOLULU SUBIC BAY - AFP MEDICAL CIVIC
ACTION TEAM, 26 PERSONNEL, WITH AMBULANCE FOR VARIOUS PROJECTS
AS FOLLOWS: SURCON (H.O.), CIVIC ACTION OFFICER, 3-HR SECURITY
DETAILS, THREE U.S. ARMY RESERVISTS AND ONE P.O. FROM 25TH INF DIV.

(4) TOTAL U.S. DOLLAR COST: \$ 7,132.
(5) OBJECTIVES ACHIEVED: EXAMINED AND TREATED 4,943
PATIENTS AT LOCATIONS WHERE NOT ONLY GOOD WILL TOWARD THE UNITED
STATES WAS ESTABLISHED, BUT PUBLIC ACCEPTANCE OF EXERCISE JLT'S WAS
IMMEDIATELY AND SPECIFICALLY ENHANCED. IN ONE CASE (HABAS) WHO
THE MEDCAP TEAM GOT BEER THERE, A WHILE PATIENT WHOSE RIGHT ARM HAD
BEEN HEAVILY SEVERED BY A BOLD GRIPS WOULD HAVE DIED.

(6) LESSONS LEARNED/RECOMMENDATIONS FOR IMPROVEMENT:
(A) NEED TO RESERVE A CONTINGENCY FUND FOR UNEXPECTED
NEEDS FOR SPECIFIC MEDICINES.

(B) PRINT LABELS IN TAGALOG RATHER THAN ENGLISH
(C) CAN PURCHASE SOME DRUGS CHEAPER ON THE COMPO

D. BARRY PROJECTS, PHASE THREE:
(1) DATES OF PROJECT: SUPPLIES PURCHASED IN FY-67. PROJECTS
DELAYED UNTIL JAN-FEB 68, AGAIN BECAUSE OF THREATS TO U.S.
PERSONNEL.

(2) DESCRIPTION AND SPECIFIC LOCATIONS OF PROJECTS.
MEDICAL CIVIC ACTION PROJECTS CONDUCTED AT THE FOLLOWING LOCATIONS:

- (A) HADAGA, HENOSA, BATAAN
- (B) HARTVELES, BATAAN
- (C) ABUCAN, BATAAN
- (D) CRANT, BATAAN
- (E) SAN ANTONIO, ZAMBALES
- (F) CAMELARIA, ZAMBALES
- (G) MASINLOC, ZAMBALES

(3) TYPE, UNIT DESIGNATION AND SIZE OF UNITS CONDUCTING
ACTIVITY: JOINT HONOLULU SUBIC BAY - AFP MEDICAL CIVIC ACTION
TEAMS, 25 PERSONNEL.

(4) TOTAL U.S. DOLLAR COST: EST. \$25,022
(5) OBJECTIVES ACHIEVED: EXPECT THESE TO BE EXTREMELY
PRODUCTIVE, BEING IN CONTESTED AREAS. THESE WILL ALSO FURTHER
U.S.-AFP INTERACTION AND COOPERATION.

E. AIR FORCE, PHASE TWO:
(1) DATES OF PROJECT: 18 - 20 OCT 67.
(2) DESCRIPTION AND SPECIFIC LOCATIONS OF PROJECTS. FIVE
ADDITIONAL MEDCAPS PLANNED AT FOLLOWING LOCATIONS:

- (A) STA JULIANA, CAPAS, TAILAC
- (B) STA RITA, CAPAS, TAILAC
- (C) THREE BARRIOS SURROUNDING CROWN VALLEY, CAPAS,

TAILAC.

(3) TYPE, UNIT DESIGNATION AND SIZE OF UNITS CONDUCTING
ACTIVITY: CIVIC ACTION TEAM, 3RD TACTICAL FIGHTER WING, CLARK AB,
25 U.S. PERSONNEL.

(4) TOTAL U.S. DOLLAR COST: \$4,000.
(5) OBJECTIVES ACHIEVED: ORIGINAL PLAN WAS TO CONDUCT TWO
FULL-DAY MEDCAPS IN STA JULIANA AND STA RITA, CAPAS, TAILAC AND
FOUR HALF-DAY MEDCAPS IN VARIOUS SURROUNDING CROWN VALLEY, CAPAS
TAILAC IN CONJUNCTION WITH COME THUNDER EXERCISE 68-1. ONLY STA
RITA MEDCAP COMPLETED. STA JULIANA MEDCAP HAD TO BE CANCELLED DUE
TO OTHER COMMITMENTS OF PARTICIPATING RP DOCTORS AND THE HALF-DAY
MEDCAPS WERE CANCELLED DUE TO RECENT THREATS AGAINST U.S.
PERSONNEL. ALL BEING RESCHEDULED.

(6) LESSONS LEARNED: AS WITH ALL PROJECTS IN COUNTRIES
SUCH AS THE PHILIPPINES, WHERE THE VERY NATURE OF THE TURBULENT
POLITICAL SCENE MAKES U.S. CIVIC ACTION PROJECTS BOTH HIGHLY NEEDED
AND HIGHLY PROFITABLE, THERE WILL BE TIMES WHEN THE POLITICAL
SITUATION ITSELF CAUSES DELAYS.

B. PROGRAM 80, 80-4, PHILIPPINE CIVIC ACTION PROJECTS (ORIGINALLY
AFSPAC SHORT NOTICE HUMANITARIAN AND CIVIC ASSISTANCE PROGRAM)

A. DATES OF PROJECT: MATERIALS PURCHASED 30 OCT 67.
CONSTRUCTION ONGOING AND PLANNED.

B. DESCRIPTION AND SPECIFIC LOCATIONS OF PROJECTS.
CONSTRUCTION OF FOLLOWING FACILITIES:

- (1) THREE-ROOM SCHOOL HOUSE AT OTOLAN, ZAMBALES
- (2) HEALTH CLINIC AT SUBIC, ZAMBALES
- (3) THREE-ROOM SCHOOL HOUSE AT BINALUPINAN, BATAAN
- (4) MULTIPURPOSE CENTER AT SAN FERNANDO, PAMPUNGA

C. TYPE, UNIT DESIGNATION AND SIZE OF UNITS CONDUCTING
ACTIVITY: U.S. MARINE ENGINEERS FROM 9TH ENGINEER BATTALION
BATALAN AT BOTALAN. SUBIC HEALTH CLINIC BEING CONSTRUCTED BY

SUBIC DEBREE DETACHMENT (CROW 300 (100 PERSONNEL). BOTALUPINAN
SCHOOL TO BE COMPLETED BY UNCO-7 DURING 7.5 MONTH DEPLOYMENT TO
SUBIC.

D. TOTAL U.S. DOLLAR COSTS: \$54,400.

E. OBJECTIVES ACHIEVED: MATERIALS PURCHASED IN FY-67 WITH
CONSTRUCTION PROJECTS TO BE COMPLETED DURING THIS FISCAL YEAR.

UNCLAS / FRO400001

FINAL SECTION OF 80
SUBJ: AFTER-ACTION REPORT: FY-67 USCINCPAC HUMANITARIAN/CIVIC
BOTALAN SCHOOL, SUBIC HEALTH CLINIC, AND BINALUPINAN SCHOOL
CONSTRUCTION STARTED 3 DEC 67 AS A JOINT U.S.-RP BATALAN 87
CIVIC PROJECT. SAN FERNANDO PROJECT WAS DELAYED BECAUSE OF
SECURITY CONCERNS. BY PHILIPPINE LAW, THIS PROJECT CANNOT NOW
BEGIN UNTIL 3 MAR 68 (45 DAYS AFTER LOCAL ELECTIONS). INCLUDES
BENEFIT ALREADY OBTAINED THROUGH U.S. PLANNING WITH LOCAL
OFFICIALS AND COMMUNITY MEETINGS. RECEPTIVITY TO THESE PROJECTS IS
VERY HIGH. PLANNING FOR THE PROJECTS ALONE HAS CREATED WHERE
GOOD WILL FOR THE UNITED STATES.

F. LESSONS LEARNED: SAME AS PARA. 4E(6) ABOVE

G. RECOMMENDATIONS FOR FUTURE IMPROVEMENTS. THESE PROJECTS,
AS WITH ALL ABOVE, WOULD HAVE BEEN ENHANCED BY EARLIER APPROVAL AND
PROVISION OF FUNDS.

H. COUNTRY SUMMARY:

A. PHILIPPINES: \$119,480
B. THAILAND: \$ 15,520

7 USCINCPAC POC IS LTC SIMPSON, USA, 3411, AV 677-6777 BT

WFO-88013/01594 TOR-88013/01487 TAO-88013/01087 CDSN-MAU823

UNCLASSIFIED

PAGE 3 OF 3
1200387 54 58

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTER

PRIORITY ZYUW RUEOHQ0479 0700027
P 082258Z MAR 88
FM USCINCSO QUARRY HEIGHTS PMU/SCJ3-P//
TO SECDEF WASHINGTON DC//USDP//
INFO DA WASHINGTON DC//DACA/OSDP//
USARPED FT CLAYTON PMU/SCCA/OSDP/SDRM//
JOIST CA BDE PERSACOLA, FL CDR 96TH CA BN FT BRAGG NC
COM JTF-B PALMEROLA AB HQ//23/25/24/BUDGET OFFICE//

UNCLAS

0000

SUBJ: LAST QUARTER FY-87 TITLE 10 REPORTING REQUIREMENT FOR
HUMANITARIAN AND CIVIC ASSISTANCE (HCA) ACTIVITIES

1. THE PURPOSE OF THIS MESSAGE IS TO REPORT COSTS INCURRED IN
PROVIDING HUMANITARIAN AND CIVIC ASSISTANCE IN CONNECTION WITH
MILITARY OPERATIONS COVERED WITH HCA TITLE 10 FUNDS DURING LAST
QUARTER FY-87

2. SUMMARY OF FY-87 TITLE 10 (HCA) FUNDS AS FURNISHED BY USOUTHCOM
CONTROLLER IS AS FOLLOWS:

A. ALLOCATED BY DOD-ISA-HA -----\$500,000.00
B. OBLIGATED BY USOUTHCOM ----- \$128,000.00
C. TRANSFERRED TO USCOM ----- \$ 40,000.00
D. TURN-BACK TO DOD-ISA-HA ----- \$ 80,000.00
E. UNOBLIGATED BALANCE ----- \$ 260,000.00
TOTAL ----- \$500,000.00

3. FY-87 TITLE 10 HCA EXPENDITURES BY COUNTRY IN USOUTHCOM WERE AS
FOLLOWS:

A. BOLIVIA -----\$180,100.00

(1) PROJECT: VILLA TUNARI HOSPITAL, BOLIVIA
(A) EXPENDITURE: \$32,000.00
(B) GEOGRAPHICAL LOCATION: VILLA TUNARI, BOLIVIA
(C) RELATED OPERATION OR EXERCISE: MOBILE TRAINING TEAM

(MTT)

(D) TRAINING BENEFIT: PLANNING AND EXECUTING CONSTRUCTION
OF RURAL HEALTH CARE FACILITY UNDER AUSTERE TROPICAL CONDITIONS
MEDICAL TREATMENT OF PATIENTS WITH LIMITED MEDICAL EQUIPMENT AND
FACILITIES.

(E) TROOP UNITS INVOLVED: MOBILE TRAINING TEAM 3RD BN
7TH SPECIAL FORCES GROUP, USA

(F) INCREMENTAL COST: MEDICAL SUPPORT \$10,000.00
ENGINEERING SUPPORT \$22,000.00, TOTAL \$32,000.00

(2) PROJECT: GENERAL HOSPITAL, LA PAZ, BOLIVIA

(A) EXPENDITURE: \$128,100.00
(B) GEOGRAPHICAL LOCATION: LA PAZ, BOLIVIA
(C) RELATED OPERATION OR EXERCISE: DEPLOYMENT FOR TRAINING

(OFT)

(D) TRAINING BENEFIT: UTILIZATION OF MILITARY OCCUPATIONAL
SKILLS MOS AND ON THE JOB TRAINING (OJT) IN ELECTRICAL REPAIRS AND
INSTALLATION

(E) TROOP UNITS INVOLVED: 151ST CES, 130TH EIS, 128TH TCB
AND 290TH MCC, USAF

(F) INCREMENTAL COST: \$128,100.00

B. ECUADOR \$20,000.00 OBLIGATED, NO EXPENDITURE REPORTED

C. HONDURAS \$210,000.00

(1) PROJECT: MEDICAL CIVIC ACTION

(A) EXPENDITURE: \$87,500.00
(B) GEOGRAPHICAL LOCATION: AT DEL VALLE, PALMEROLA AB
BASE, HONDURAS

(C) RELATED OPERATION OR EXERCISE: MEDICAL READINESS
TRAINING EXERCISE (MEDRETE)

(D) TRAINING BENEFIT: ALL MEDICAL MOS'S WERE TRAINED AND
PRACTICED AS A RESULT OF CLINICS AND THE HUMANITARIAN OUTREACH
PROGRAMS IN THE RURAL VILLAGES. ALSO PRACTICED DENTAL AND
VETERINARIAN SKILLS PERFORMED BY ACTIVE, RESERVES AND NATIONAL
GUARD.

(E) TROOP UNITS INVOLVED: JTF-BRAGO MEDICAL ELEMENT
\$52,000.00 (PHARMACY AND MEDICAL SUPPLIES), TOTAL \$87,500.00

(2) PROJECT: MEDICAL, DENTAL AND VETERINARIAN ASSISTANCE

(A) EXPENDITURE: \$12,500.00
(B) GEOGRAPHICAL LOCATION: COLON, OLANCHO, VCMC AND

ATLANTIDA (RURAL HONDURAS)

(C) RELATED OPERATION OR EXERCISE: MEDRETE

(D) TRAINING BENEFIT: PRACTICE OF MEDICAL SKILLS IN
AUSTERE ENVIRONMENT/MEDICAL OJT AND OPPORTUNITY TO TREAT DISEASES,
SYMPTOMS NOT COMMONLY FOUND IN CONUS

(E) TROOP UNITS INVOLVED: JTF-BRAGO MEDICAL ELEMENT

(F) INCREMENTAL COST: DENTAL \$10,000.00 MEDICAL \$79,500.00
(PHARMACY AND MEDICAL SUPPLIES) AND VETERINARY \$15,000.00, TOTAL
\$122,500.00

3. PROJECT: ENGINEER CIVIC ACTION (CONSTRUCTION) PUBLIC HOSPITAL
SCHOOL, COMAYAGUA, HONDURAS

(A) EXPENDITURE: \$30,000.00

(B) GEOGRAPHICAL LOCATION: COMAYAGUA, HONDURAS

(C) RELATED OPERATION OR EXERCISE: 10TH ENGINEER BATT

(D) TRAINING BENEFIT: CARPENTRY, VERTICAL AND HORIZONTAL
CONSTRUCTION TECHNIQUES

(E) TROOP UNIT INVOLVED: 10TH ENGINEER BN

(F) INCREMENTAL COST: \$10,000.00 (HCA TITLE 10 MONEY SPENT
IN THE PURCHASE OF CONSTRUCTION MATERIAL, HOWEVER ONLY \$4,000.00
WORTH OF MATERIAL HAVE BEEN USED, JTF-BRAGO IS REPRESENTATIVE
REPORTED THAT THE BEFORE MENTIONED HCA ENGINEER PROJECT IS NOT YET
FINISHED OR HAS NOT BEEN COMPLETED, PLANNING TO USE ALL PURCHASED
CONSTRUCTION MATERIAL, MEANTIME THIS MATERIAL IS STORED IN A
WAREHOUSE UNDER THE SAFEGUARDING AND CONTROL OF THE 10TH ENGINEER
ELEMENT, ACTUAL INVENTORY INFORMATION OF REMAINING STORED HCA
CONSTRUCTION MATERIAL HAS BEEN REQUESTED FROM JTF-BRAGO ENGINEER
ELEMENT)

4. POC THIS ACTION MAJ HANGUAL/MAJ RODRIGUES, SCJ3 POC, RV 100-448
BT

ACTION USDP(8)
INFO: DUAL CTR/ROL(1) SECDEF(1) SECDEF(5) USDP (2)AAR(1)
USDP-23P(1) USDP-FHQA(1) USDP-POL(1) USDP-SEC(1)
USDP-OP(1) USDP-HUMAN(1)

25

MCN=88070/02573 "CR=88070/06292 "AD=88070 263CZ CDSN=MAU779
PAGE 1 OF 1
082258Z MAR 88

UNCLASSIFIED

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTER

ROUTINE

ZYUW RUSHTC08753 2432156

R 091500Z DEC 87

FM USCINCEUR VAININGEN GE//ECJS//

TO SECDEF WASHINGTON DC//ISA-PA (MA) //

INFO JCS WASHINGTON DC//J7/J3/J5// USMHR SHAPE BE//SPACOS//

UNCLAS

REPLY TO ECJS

SUBJ: TITLE LO PAYMENT FOR HUMANITARIAN/CIVIC ASSISTANCE IN FY 87

1. FOLLOWING REPORT ON TITLE TO FUNDS SPENT FOR PAYMENT OF
SUBJECT EXPENSES IN FY 87 IS PROVIDED:

A. COUNTRY: MOROCCO

B. EXERCISE: AFERDOU 87

C. TOTAL AMOUNT: 15,000

D. MONIES USED TO PURCHASE MEDICAL AND DENTAL SUPPLIES
CONSUMED WHILE PROVIDING MEDICAL ASSISTANCE TO LOCAL INHABITANTS
IN EXERCISE AREA.

2. HQ USECOM POC IS LT COL STINSON, ECJS-O, AV/ETS: 430-8440.

BT

ACTION USDP:ISA(1)

(U,6,7,8,9)

INFO CJCS(5) DJS:(1) J3(6) NIDS(1) J4(9) J7(6) J5(2)

QUAL CONTROL(1) J6(6) COMMOFF(1) JOSSC(1)

USTRANSCOMLO(1) SECDEF:(1) SECDEF(9) USDP(8)

USDA:DDR&E(1) ASD:HA(1) USDA:CJI-APM(1)

USDP:PDISP(1) USDP:OSAA(4) USDP:INT K(1) USDP:HA(1)

USDP:P&REQ(1) USDP:FMRA(1) USDP:POL A(1) USDP:ESN(1)

USDP:EP(1) USDP:TNF(1) USDP:CT(1) USDP:LIC(1)

USDP:NP(1) USDP:HUMAN(1) CSP-1(1) NMIC(1)

+CAC CC WASHINGTON DC

+SAFE

MCN-87343/06894

TOR-87343/22022

TAD-87344/00022

CDSN-NAU436

PAGE 1 OF 1

UNCLASSIFIED

OWS INFORMATION
SERVICE CENTER

ROUTINE
292204Z DEC 87 2YB
USCINCLANT NORFOLK VA
SECDEF WASHINGTON DC //LSP//
EO COMUSFORCARIB KEY WEST FL

7424 RJ035033030 364283

UNCLAS //407000//

9JZ FY 1987 TITLE 12 HAZEL PROJECTS

SECDEF WASHINGTON DC OFFICE OF

INT REP A. FOL INFO IS PROVIDED

1. (1) COUNTRY - GRENADA

(2) ACTIVITY - CIVIC ASSISTANCE

DESCRIPTION - WATER DISTRIBUTION PROJECT

INSTALLATION OF

INSTALLATION OF WATER PIPES, TAPES AND

POWER LINES

SCHEMATIC DESIGN (MAKING AND CARPENTRY)

RECONSTRUCTION

RECONSTRUCTION OF NEW LIFE VOCATIONAL SCHOOL

FOR EMPLOYMENT FURNITURE CONSTRUCTION

APPROXIMATE INSTRUCTORS DEVELOP FURNITURE

CONSTRUCTION CURRICULA

(3) U.S. MILITARY - 00

HOST MILITARY - 0000

(4) U.S. COST - \$27,474.74

(1) COUNTRY - ST. KITTS - NEVIS

(2) ACTIVITY - CIVIC ASSISTANCE

DESCRIPTION - DISPERSED POST OFFICE REPAIR (PAINTING AND

CARPENTRY)

UPGRADE HURRICANE SHELTERS

(3) U.S. MILITARY - 00

HOST MILITARY - 0000

(4) U.S. COST - \$15,442.42

(1) COUNTRY - ST. LUCIA

(2) ACTIVITY - CIVIC ASSISTANCE

DESCRIPTION - VICTORIA HOSPITAL REPAIRS

ST. LUCIA HOUSE SENIOR CITIZEN HOME REPAIR

(3) U.S. MILITARY - 00

HOST MILITARY - 0000

(4) U.S. COST - \$6,400.00

2. EACH PROJECT WAS PROMOTED, DEVELOPED AND EXECUTED BY THE

ELEMENTS OF THE 3RD CA HHC IN COOPERATION WITH LOCAL GOVERNMENT

AND CIVIC ASSOCIATIONS AND THE U.S. MARINES

(1,747)

ACTION USOP(0)

INFO DUAL CONTROL(0) SECDEF(0) REF(0)

TOTAL COPIES REQUIRED 0

UN=87364/02037

FOR=87364/02037 TAD=87012/17472 COSVUSP01

***** PAGE 1

UNCLASSIFIED 292204Z DEC 87

INTERNATIONAL
SECURITY AFFAIRS**UNCLASSIFIED**

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON D C 20301-2400

21 FEB 1989

MEMORANDUM FOR MR. ARMITAGE

THROUGH MR. WIGG *2/22*SUBJECT: FY 1988 Annual Report to Congress on Title 10 Humanitarian/
Civic Assistance (H/CA) - ACTION MEMORANDUM

Attached for your review and signature are reports to the Armed Services Committees of the House and Senate, the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House outlining the countries, cost, and type of activities associated with Title 10 H/CA.

The following sums were spent by command:

USCENTCOM	\$163,637.00
USEUCOM	\$217,585.00
USPACOM	\$413,577.00
USLANTCOM	\$348,457.00
USSOUTHCOM	\$1,402,773.00

The unclassified cables from the Commands are attached to the report as they provide detailed information about the various projects and specifics on benefits derived. USCENTCOM report is classified Secret and is included for your information but will not be forwarded with the report.

This report has been coordinated with USAID in accordance with the 10 July 1987 MOU on this subject. ISA regions have reviewed the report.

Bob Wolthuis
ROBERT K WOLTHUIS
Director, Office of
Humanitarian Assistance

Attachments

Coordination:

OSD/LA

USAID/PPC

*Metzger 4/4/89**Tolson 6/2/89**R. Sheppard 4/2/89***UNCLASSIFIED**Upon removal of attachments,
this document becomes**UNCLASSIFIED**

INTERNATIONAL
SECURITY AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-2400

26 FEB 1988

Honorable Les Aspin
Chairman, Committee on
Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to Chapter 20, Section 401, Title 10, USC, this report provides a list of countries in which humanitarian and civic assistance activities were performed, the type and description of these activities and the amount expended for each country. This information was provided by the staffs of the Unified Command responsible for the activity.

Thirty-two developing countries participated in the program in FY 1988 at a total cost of \$2,546,029.

The regional commanders view this program as extremely valuable and have enthusiastically supported its continuation and growth. The training opportunities for US military personnel have been significant. Country team support has also been unanimous and enthusiastic.

This report is organized by regional command and lists each participating country, a general description of the activities performed and total expenditure by country. I have also attached the unclassified reports of the commands which define the individual activities performed in each country and the cost of each specific activity.

<u>Country</u>	<u>Activity</u>	<u>Cost</u>
CENTCOM		
<u>Somalia</u>	Medical care in rural areas; well drilling; rudimentary construction of orphanage.	\$ 60,637
<u>Sudan</u>	Medical care in rural areas.	\$103,000
	TOTAL CENTCOM	\$163,637

USEUCOM

<u>Cameroon</u>	Basic medical and dental care in rural areas.	\$ 29,763
<u>Gabon</u>	Basic medical and dental care in rural areas; immunizations.	\$ 36,500
<u>Ghana</u>	Rudimentary repair of public facilities in conjunction with port visit.	\$ 32,000
<u>Ivory Coast</u>	Rudimentary repair of public facilities in conjunction with port visit.	\$ 8,613
<u>Mozambique</u>	Rudimentary construction of public facility in conjunction with port visit.	\$ 6,000
<u>Togo</u>	Rudimentary repair of public facilities in conjunction with port visit.	\$ 17,408
<u>Tunisia</u>	Basic medical and dental care in rural areas; immunizations; repair of surface transportation system.	\$ 20,301
<u>Zaire</u>	Rudimentary repair to public facilities; medical and dental care in rural areas.	\$ 67,000
TOTAL USEUCOM		\$217,585

ISLANTCOM

<u>Antigua</u>	Construction and repair to public facilities.	\$ 75,000
<u>Dominica</u>	Repair of public facilities.	\$ 30,000
<u>Grenada</u>	Rudimentary construction and repair of public facilities; construction of school equipment; repair of water distribution systems.	\$ 97,132

<u>Jamaica</u>	Construction and rudimentary repair and upgrade of public facilities.	\$ 64,668
<u>Nevis</u>	Renovation and repair of public facilities.	\$ 8,000
<u>St Kitts</u>	Improvements to public area by removal of harbor shipwreck.	\$ 6,657
<u>St Lucia</u>	Renovation of public facility.	\$ 67,000
	TOTAL USLANTCOM	\$348,457

USPACOM

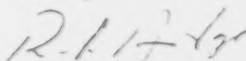
<u>Camoros</u>	Rudimentary construction of public facilities.	\$ 59,991
<u>Kiribati</u>	Rudimentary repair to public facilities and limited medical care in conjunction with port visit.	\$ 817
<u>Marshall Islands</u>	Rudimentary repair to public facilities and limited medical care in conjunction with port visit.	\$ 905
<u>Papua New Guinea</u>	Rudimentary construction of surface transportation system; medical care in rural areas.	\$ 46,623
<u>Philippines</u>	Rudimentary construction and repair of public facilities, medical and dental care in rural areas; well drilling in rural areas.	\$195,239
<u>Solomon Islands</u>	Rudimentary repair to public facilities and limited medical care in conjunction with port visit.	\$ 2,000
<u>Thailand</u>	Medical care in rural areas; rudimentary construction of water distribution system.	\$ 57,718

<u>Tonga</u>	Rudimentary repairs to public facilities and limited medical care in conjunction with port visit; rudimentary construction of facilities for communications and weather observation use.	\$ 25,037
<u>Tuvalu</u>	Rudimentary construction of water distribution system.	\$ 19,623
<u>Western Samoa</u>	Rudimentary repairs to public facilities and limited medical care in conjunction with port visit.	\$ 5,624
TOTAL USPACOM		\$413,577

SOUTHCAM

<u>Bolivia</u>	Basic medical and dental care in rural areas.	\$ 80,250
<u>Costa Rica</u>	Basic medical care in rural areas.	\$ 41,227
<u>Guatemala</u>	Basic medical and dental care in rural areas.	\$ 70,006
<u>Honduras</u>	Basic medical and dental care in rural areas, rudimentary construction and repair of public facilities.	\$1,188,546
<u>Paraguay</u>	Basic medical care in rural areas; rudimentary engineer construction.	\$ 22,744
TOTAL SOUTHCAM		\$1,402,773

Sincerely,



RICHARD L. ARMITAGE
Assistant Secretary of Defense
(International Security Affairs)

UNCLASSIFIED

OWCS INFORMATION
SERVICE CENTER

PRIORITY 210N RUSKAS050 3421750
 P 071352 DEC 88
 HQ USCINCEUR VAINHAGEN GE//EC20//
 TO SECDEF WASHINGTON DC//USDP-ISA (H//)
 ZINFO JCS WASHINGTON DC//J2/J25//
 CINCUSARPUR HEIDELBERG GE//NEMC-P//
 CINCUSARPUR LONDON UK//NS// HQ USAF RAMSTEIN AB GE 1996//
 USCINCLANT NORFOLK VA//J23// USMAF SHAPE SE//SPACED//

UNCLAS
 SECTION 001 OF 003
 REPLY TO EC20

CUBJ FY 88 HUMANITARIAN/CRISIS ASSISTANCE (H/CA) REPORT TO CONGRESS
 A SECDEF/USDP 101610Z NOV 88 SAB
 1 FOLLOWING USCINCEUR REPORT ON TITLE 10 FUNDS SPENT FOR PAYMENT
 2 SUBJECT EXPENSES IN FY 88 IS PROVIDED PER REQUEST IN REF

A PROJECT ONE
 (1) EXERCISE/DATES OF PROJECT: H07E 88-23 APR-16 MAY 88
 (2) COUNTRY: ZAIRE
 (3) DESCRIPTION/LOCATION OF PROJECT: RENOVATION OF THREE
 PUBLIC SCHOOL BUILDINGS WITHIN A MULTI-BUILDING COMPLEX LOCATED IN

KINSHASA BASE. REPAIRING ROOF, REPLACING GLASS IN WINDOWS, PATCHING
 CRACKS IN WALLS AND FLOOR, REPLACING WOODEN ROOF FRAMING, AND
 PAINTING. PERFORMED HEALTH SCREENING, IMMUNIZATIONS, BASIC MEDICAL
 AND DENTAL CARE FOR LOCAL VILLAGE POPULATION IN EXERCISE AREA

(4) TYPE AND SIZE UNIT: 215TH SFG (A) (1-1) AND D CO 26TH
 INF (1-1)
 (5) TOTAL \$ SPENT: REPAIR OF PUBLIC FACILITIES \$42,300;
 MEDICAL \$29,000

(6) OBJECTIVES ACHIEVED: SERVED BASIC SOCIAL NEEDS OF
 LOCAL COMMUNITY BY REHABILITATION OF PUBLIC SCHOOL BUILDINGS.
 REPAIRS CENTERED ON BASIC SHELTER REQUIREMENTS FOR SCHOOL CHILDREN.
 DURING UNCLEAN WEATHER/RAINY SEASON, ROOF FRAMING REPAIRS ENSURE
 CONTINUED STRUCTURAL INTEGRITY/SAFETY OF SCHOOL BUILDINGS.
 PROVIDED BASIC MEDICAL/DENTAL CARE TO INDIGENOUS POPULATION OF TWO
 VILLAGE COMMUNITIES IN VICINITY OF KINSHASA. MEDICAL/DENTAL CARE
 PROVIDERS IN ZAIRE ARE EXCEPTIONALLY SCARCE. EXISTING AGENCIES,
 N.D., MISSIONARIES, ETC., ARE EAGER TO ACCEPT THESE EFFORTS.
 REPAIR OF PUBLIC FACILITIES AND MEDICAL PROJECTS PROVIDE POSITIVE
 IMAGE OF U.S. TO CIVILIAN POPULATION AND TRIBAL GOVERNMENT

ACTIVITIES IN KINSHASA AND SURROUNDING VILLAGES. CONTINUED YEARLY
 PROJECTS IN THE KINSHASA AREA WILL STRENGTHEN INITIAL IMPRESSIONS BY
 LOCAL POPULACE IN EXERCISE AREA AND LOCAL TRIBAL GOVERNMENTS WHICH
 HAVE NO MEANS TO ACCOMPLISH PROJECTS OF THIS NATURE. PROJECTS ALSO
 PROVIDED JOINT TRAINING OPPORTUNITIES FOR SPECIAL OPERATIONS
 MEDICS AND CIVIL AFFAIRS PERSONNEL AND ENHANCED LANGUAGE
 PROFICIENCY TRAINING FOR U.S. SPECIAL FORCES.

(7) LESSONS LEARNED/RECOMMENDATION: LATE IDENTIFICATION
 OF SPECIFIC H/CA PROJECTS AND MEDICAL/DENTAL SITES PRECLUDED
 DETAILED PLANNING NECESSARY TO ENSURE REQUIRED SUPPLIES WERE ON
 HAND PRIOR TO EXECUTION. U.S. PLANNERS MUST EMPHASIZE LEAD TIME
 REQUIREMENTS FOR SUPPLIES DURING THE COORDINATION/PLANNING PROCESS
 WITH HOST NATION REPRESENTATIVES AND ESTABLISH FIRM MILESTONES TO
 EFFECTIVELY ACCOMPLISH THE DESIGNED PROJECTS. HOST NATION FAILURE
 TO MEET AGREED UPON MILESTONES CAN RESULT IN CANCELLATION OF
 PROJECTS.

B PROJECT TWO
 (1) EXERCISE/DATES OF PROJECT: H07FLG H0702-2-11 JAB 88
 (2) COUNTRY: CAMEROON
 (3) DESCRIPTION/LOCATION OF PROJECT: MEDICAL PERSONNEL
 CONDUCTED HEALTH SCREENING, IMMUNIZATIONS, AND BASIC MEDICAL AND
 DENTAL CARE FOR LOCAL POPULATION IN VICINITY OF H0702
 (4) TYPE AND SIZE UNIT: 7TH MEDCOM CRISIS RESPONSE TEAM
 AND 2ND AFS AIR EVACUATION PERSONNEL
 (5) TOTAL \$ SPENT: \$29,763

(6) OBJECTIVES ACHIEVED: PROJECT SERVED U.S. AND HOST
 COUNTRY INTERESTS BY SERVING THE BASIC SOCIAL AND MEDICAL NEEDS OF

ACTION USDP FILE(1); ASD H/CA; USDP ISA(1); IN C/
 INFO: CDR/ST/ASD(1); ODM SECRETARY(1); J2/J23/J23-4/J23-5//
 J2/J23/J23-1/J23-2/J23-3/J23-4/J23-5// USDP DPM(1);
 USDP FMA(1); USDP POL A(1); USDP LOS(1); USDP LIO(1);
 USDP HUM(1);

MCM-88342/06708

TOR-88342 1811Z

TAD-88342/1814Z

COSN=MALE829

UNCLASSIFIED

PAGE 1
 11-1226
 13 SEP 88 08 08

THE COMMUNITY. THIS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE
 PROJECT ENHANCED OPERATIONAL SKILLS AND PROVIDED AN OPPORTUNITY TO
 ACCOMPLISH CRITICAL TRAINING FOR U.S. AND HOST MEDICAL PERSONNEL.
 (7) LESSONS LEARNED/RECOMMENDATIONS: SATELLITE
 COMMUNICATIONS FOR MEDICAL TEAMS DEPLOYED TO THE REMOTE AREAS OF
 AFRICA ARE INVALUABLE TO MEET OPERATIONAL REQUIREMENTS OF PATIENT
 REGULATING AND CONSULTATION. DUE TO THIS CAPABILITY DURING H07FLG
 H0702, A PATIENT WITH SEVERE FACE INJURY (PERFORMED DENTAL) WAS
 STABILIZED IN THE FIELD AND AIR EVACUATION ARRANGEMENTS MADE TO A
 SUITABLE MEDICAL FACILITY. SATCOM PROVIDED THE CAPABILITY

FOR THIS TIMELY RESPONSE WHICH MOST LIKELY SAVED THE PATIENT'S LIFE

C PROJECT THREE
 (1) EXERCISE/DATES OF PROJECT: H07BLS 4-10 JUNE 88
 (2) COUNTRY: TUNISIA
 (3) DESCRIPTION/LOCATION OF PROJECT: U.S. MEDICAL
 PERSONNEL PROVIDED MEDICAL/DENTAL SCREENING, EXAM, AND TREATMENT OF
 MINOR ILLNESSES FOR 205 CHILDREN AND ADULTS IN THE PEARL CAP DEFRAT
 AREA. PERFORMED RADIOLOGICAL STUDIES TO ASSESS INCIDENCE OF TB AND
 ECHINOCOCCAL DISEASE AND PROVIDED IMMUNIZATIONS.
 (4) TYPE AND SIZE UNIT: MEDICAL ASSETS OF 27TH SFG AND 27TH
 62. AUGMENTED BY EPIDEMIOLOGY DET FROM NEWPORT. MAPLES

(5) TOTAL \$ SPENT: \$3,622.
 (6) OBJECTIVES ACHIEVED: SERVED BASIC SOCIAL NEEDS OF
 LOCAL COMMUNITY BY PROVIDING BASIC MEDICAL CARE TO INDIGENOUS
 POPULATION. THIS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE
 PROJECT ENHANCED OPERATIONAL SKILLS OF U.S. MEDICAL PERSONNEL.
 (7) LESSONS LEARNED/RECOMMENDATIONS
 (A) IDEALLY, EXTENT OF EXAMS AND MEDICAL TREATMENT
 SHOULD BE IDENTIFIED SUFFICIENTLY AHEAD OF TIME TO ALLOW LOAD

OF SUPPLIES DURING PRE-DEPLOYMENT PHASE. WHEN PRIORITIZING SUPPLIES
 THROUGH COMUS AGENCIES, RECOMMEND TITLE 10 FUNDING ACCOUNTING DATA
 BE PROVIDED EARLY ON FOR THIS PURPOSE.

(B) EMPHASIS SHOULD BE PLACED ON PROVIDING MEDICAL
 CARE FOR INFANTS AND PRESCHOOL CHILDREN. RECOMMEND HOST NATION
 PEDIATRICIAN ASSIST AND BE RESPONSIBLE FOR ARRANGING FOLLOW UP CARE.
 (C) OBTAIN CLEAR UNDERSTANDING OF IMMUNIZATIONS TO
 BE GIVEN PRIOR TO MEDCAP.

(D) INCLUDE GIFTS OF CLOTHING AND SCHOOL SUPPLIES IN
 FUTURE. CONSTRUCT PORTABLE WATER STORAGE FACILITY. FLOUR/DAT
 WATER SUPPLY OR PROVIDE FLOUR/DAT SUPPLEMENT TO IMPROVE DENTAL
 STATUS.

D PROJECT FOUR
 (1) EXERCISE/DATES OF PROJECT: H07BLS 4-10 JUNE 88
 (2) COUNTRY: TUNISIA
 (3) DESCRIPTION/LOCATION: REMOVED AND REPLACED ALL LOST

UNCLAS

SECTION 002 OF 003

WHICH COMPRISES THE ROAD SURFACE OF A BRIDGE NEAR THE COMMUNITY OF
 CAP DEFRAT. ADDITIONALLY ACCOMPLISHED A ROAD IMPROVEMENT PROJECT
 CONSISTING OF INSTALLING DRAINAGE CULVERTS AND THEN REPAIRING THEM

SECTION OF EXISTING ROADWAY

(4) TYPE AND SIZE UNIT: CTR FOR TWO ENGINEER PERSONNEL
 (5) TOTAL \$ SPENT: \$18,679
 (6) OBJECTIVES ACHIEVED: PROJECT SERVED U.S. AND HOST
 COUNTRY INTERESTS BY SERVING THE BASIC SOCIAL AND ECONOMIC NEEDS OF
 THE COMMUNITY. THIS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE
 PROJECT ENHANCED OPERATIONAL SKILLS OF ENGINEER PERSONNEL.

(7) LESSONS LEARNED/RECOMMENDATIONS: THIS PROJECT WAS
 IDENTIFIED LATE. THIS CONSIDERING NORMAL PLANNING, THE PROJECT
 SHOULD BE SELECTED AS EARLY AS POSSIBLE TO ENSURE LOGISTICS

✓ E PROJECT FIVE
 (1) EXERCISE/DATES OF PROJECT: H07FLG JABON 18-27-19
 AUGUST 88

(2) COUNTRY: GABON
 (3) DESCRIPTION/LOCATION: MEDICAL PERSONNEL CONDUCTED
 HEALTH SCREENING, IMMUNIZATIONS AND DENTAL CARE FOR LOCAL
 POPULATION IN LEGONE VILLAGE
 (4) TYPE AND SIZE UNIT: 7TH MEDCOM PERSONNEL, NAJUR 50ML
 TEAM, AND 18C TAG, DELABARE ANG

(5) TOTAL \$ SPENT: \$26,500
 (6) OBJECTIVES ACHIEVED: PROJECT SERVED U.S. AND HOST

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTER

COUNTRY INTERESTS BY SERVING THE BASIC SOCIAL, MEDICAL, AND ECONOMIC NEEDS OF THE COMMUNITY. THUS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE. PROJECT ENHANCED OPERATIONAL SKILLS OF MEDICAL PERSONNEL.

(7) LESSONS LEARNED/RECOMMENDATIONS: PREVENTIVE MEDICINE/ENVIRONMENTAL EDUCATIONAL PROGRAMS WERE VERY SUCCESSFUL AND NEED TO BE INCLUDED IN FUTURE EXERCISES. BASIC ORAL SURGERY TEAM MET WITH MANY SUCCESSSES.

F. PROJECT SIX

(1) EXERCISE/DATES OF PROJECT: WEST AFRICAN TRAINING

CRUISE/6-20 JUNE 88

(2) COUNTRY: IVORY COAST

(3) DESCRIPTION/LOCATION: REFURBISHMENT OF A LOCAL VILLAGE MARKET PLACE AND SCHOOL HOUSE IN THE VILLAGE OF NGUASSASSO, TWO HOURS BY ROAD FROM ABIDJAN. MARKET PLACE NEEDED A CONCRETE FLOOR AND SURROUNDING WALLS. THE TWO ROOM SCHOOL BUILDING REQUIRED A NEW ROOF AND ELECTRICAL LIGHTING.

HC

(4) TYPE AND SIZE UNIT: 8 USS SUMNER SEABEES

(5) TOTAL \$ SPENT: \$8,013

(6) OBJECTIVES ACHIEVED: PROJECT SERVED U.S. AND HOST COUNTRY INTERESTS BY SERVING THE BASIC SOCIAL AND ECONOMIC NEEDS OF THE COMMUNITY. THUS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE. PROJECT ENHANCED OPERATIONAL SKILLS OF SEABEES.

(7) LESSONS LEARNED/RECOMMENDATIONS: INTERACTION OF U.S. MILITARY PERSONNEL AND LOCAL POPULACE ADDED A NEW DIMENSION TO MUTUAL UNDERSTANDING. OPPORTUNITY TO WORK SIDE BY SIDE WAS A UNIQUE AND REWARDING EXPERIENCE FOR ALL CONCERNED. CONTINUE PROJECTS.

G. PROJECT SEVEN

(1) EXERCISE/DATES OF PROJECT: WEST AFRICAN TRAINING

CRUISE/6-20 JULY 88

(2) COUNTRY: GHANA

(3) DESCRIPTION/LOCATION: REHABILITATED A FOUR ROOM INTENSIVE CARE UNIT AT HOSPITAL IN ACCRA. SPECIFIC TASKS COMPLETED WERE: PLACED CERAMIC TILE OVER EXISTING FLOOR AND GROUT, PATCHED, SEALED, AND PAINTED EXISTING WALL, INSTALLED NEW ELECTRICAL WIRING, RECEPTACLES, AND SWITCHES, INSTALLED NEW HOT WATER HEATER, SINK, AND FIXTURES, LOWERED CEILING IN WARD AREA.

(4) TYPE AND SIZE UNIT: 7 USS SUMNER SEABEES

(5) TOTAL \$ SPENT: \$32,000

(6) OBJECTIVES ACHIEVED: PROJECT SERVED U.S. AND HOST COUNTRY INTERESTS BY SERVING THE BASIC SOCIAL, MEDICAL, AND ECONOMIC NEEDS OF THE COMMUNITY. THUS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE. PROJECT ENHANCED OPERATIONAL SKILLS OF SEABEES.

(7) LESSONS LEARNED/RECOMMENDATIONS: TRAINING CRUISE HAD A MULTIPLIER EFFECT FOR U.S.-GHANA RELATIONS AS A RESULT OF PROJECT OF GREAT BENEFIT FOR LOCAL POPULACE BEING ACCOMPLISHED.

H. PROJECT EIGHT

(1) EXERCISE/DATES OF ACTIVITY: WEST AFRICAN TRAINING

CRUISE/8-19 JULY 88

(2) COUNTRY: TOGO

(3) DESCRIPTION/LOCATION: PROJECT INVOLVED SEVERAL CONSTRUCTION AND REPAIR PROJECTS LOCATED IN THE COUNTRY OF GOLE. THE AREA IMMEDIATELY SURROUNDING HOME, CAPITAL OF TOGO. WORK INCLUDED CONSTRUCTION OF LATRINES FOR A PRIMARY SCHOOL AND

INSTALLATION OF WATER PIPES AT PRIMARY AND SECONDARY SCHOOLS.

REPAIR WORK INVOLVED REPAIRS TO SCHOOL/HEALTH CENTER ROOFS.

(4) TYPE AND SIZE UNIT: 7 USS SUMNER SEABEES

(5) TOTAL \$ SPENT: \$17,408

(6) OBJECTIVES ACHIEVED: PROJECT SERVED U.S. AND HOST COUNTRY INTERESTS BY SERVING THE BASIC SOCIAL AND ECONOMIC NEEDS OF THE COMMUNITY. THUS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE. PROJECT ENHANCED OPERATIONAL SKILLS OF SEABEES.

(7) LESSONS LEARNED/RECOMMENDATIONS: INTERACTION OF U.S. MILITARY PERSONNEL AND LOCAL POPULATION IN ACCOMPLISHMENT OF PROJECTS HAD REWARDING EXPERIENCE. COMPLETED PROJECTS WILL STAND AS A CONSTANT REMINDER OF U.S. GOODWILL.

I. PROJECT NINE

(1) EXERCISE/DATES OF ACTIVITY: USN SHIP VISIT TO

MAPUTO/12 AUG 88

(2) COUNTRY: MOZAMBIQUE

(3) DESCRIPTION/LOCATION: CONSTRUCTED PLAYGROUND

EQUIPMENT AT PRIMARY SCHOOL IN VILLAGE IN CHIANGO APPROX 20 KM FROM

MAPUTO

(4) TYPE AND SIZE UNIT: CREW MEMBERS OF USS PHAROS

(5) TOTAL \$ SPENT: \$8,000

(6) OBJECTIVES ACHIEVED: PROJECT SERVED U.S. AND HOST

UNCLAS

FINAL SECTION OF 003

COUNTRY INTERESTS BY SERVING THE BASIC SOCIAL AND ECONOMIC NEEDS OF THE COMMUNITY. THUS FOSTERING GOOD RELATIONS WITH LOCAL POPULACE.

(7) LESSONS LEARNED/RECOMMENDATIONS: PHAROS PORT VISIT

TO MAPUTO PROVED TO BE A FASCINATING OPPORTUNITY FOR CREW MEMBERS

TO EXPERIENCE THE CULTURE OF A SOCIALIST SOCIETY ATTEMPTING TO

FOSTER BETTER U.S. RELATIONS. U.S. EMBASSY REPORTED THAT PHAROS

CREW MEMBERS MADE A POSITIVE, LASTING IMPRESSION ON BOTH THE

POPULACE OF MAPUTO AND THE LEADERSHIP OF MOZAMBIQUE. SIMILAR

TITLE 18 HYCA ACTIVITY REINFORCED THE POSITIVE ASPECT OF U.S.

PRESSENCE BY COMPLETION OF A WORTHWHILE PROJECT.

PROPOSED DATES: JAN 11-12 FOR NEXT FIVE YEAR PLANNING

CONFERENCE APPEAR ACCEPTABLE AT THIS TIME. HQ USECOM POC: LT

COL STINSON. ECJS-O, AVIETS, 430-8440. BT

MCN#88342/0670B

TOR#88342/1811Z

*AD#88342/1814Z

CDSN#MAUB29

PAGE 2 OF 2
07735Z DEC 88
O3 SECT MSG 88

UNCLASSIFIED

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTER

George

PRIORITY

P 222172Z DEC 88

FM USCINCPAC HONOLULU HI

TO SECDEF WASHINGTON DC//USDP (ISA-HA)///

INFO AMEMBASSY ANTANANARIVO

CINCPACFLT PEARL HARBOR HI

COMWESTCOM FT SHAFTER HI

USCINCPAC REP PHILIPPINES SUBIC BAY RP

ZYUW RMQS663420 3572245

JCS WASHINGTON DC//24-25/27//

CINCPACAF HICKAM AFB HI

UNCLAS //NOFORN//

SECTION 01 OF 03

SUBJ: FY 1988 TITLE 10 HUMANITARIAN/CIVIC ASSISTANCE (HCA) REPORT

4. SECDEF WASHINGTON DC 101010Z NOV 88

1. THIS MESSAGE PROVIDES AFTER-ACTION REPORTS ON USCINCPAC TITLE

10 HCA PROJECTS EXECUTED DURING FY-88 INT REF A

2. PHILIPPINE SCHOOL CONSTRUCTION PROJECTS

A. RECIPIENT COUNTRY: PHILIPPINES

B. DESCRIPTION/LOCATION OF PROJECT: MINOR SCHOOL CONSTRUCTION AND REPAIRS TO SCHOOLS IN CALABANG BAY, PORAC, AND PAMPANGA IN MARCH 1988, AND IN PULONG SANTOL, PORAC, AND PAMPANGA IN APRIL 1988. THESE WERE JOINT PROJECTS TO IMPROVE EDUCATIONAL, PHYSICAL PLANTS, ON A LIMITED CONSTRUCTION/REPAIR BASIS. ADDITIONAL FUNDS USED TO PURCHASE WATER PIPES AND PUMPS FOR THE SCHOOLS, WITH PROJECTS STILL UNDERWAY.

C. DATES OF PROJECT: ABOVE

D. TYPE AND SIZE OF UNITS: 13TH AIR FORCE PRIME BEET

ENGINEERS (35) ASSISTED BY LOCAL VILLAGERS AND OFFICIALS

E. U.S. DOLLAR COST OF CONSUMABLES: \$10,000.00

F. OBJECTIVES ACHIEVED: CONTRIBUTED SIGNIFICANTLY TOWARD IMPROVING U.S.-FILIPINO RELATIONS DURING COPE THUNDER EXERCISES WHICH CONTINUALLY PRODUCE COMPLAINTS ABOUT NOISE AND PHYSICAL SAFETY. PROVIDED SIGNIFICANT TRAINING TO PACAF "PRIME BEET" UNITS.

3. HUMANITARIAN/CIVIC ASSISTANCE IN CONJUNCTION WITH PORT VISITS

A. RECIPIENT COUNTRIES: KIRIBATI, WESTERN SAMOA, MARSHALL

ISLANDS, SOLOMON ISLANDS AND TONGA

B. DESCRIPTION/LOCATION OF PROJECTS: REPAIRS TO SCHOOLS AND

HOSPITALS, AS WELL AS LIMITED MEDCAPS, IN PORTS VISITED BY THE USS

BENTON, USS CONSERVIER AND USS BARBOUR COUNTY. USED FREE LABOR

DONATED BY SAILORS, WITH PROJECTS COORDINATED WITH LOCAL OFFICIALS

IN ADVANCE. COST SAVINGS GENERATED BY GRATEFUL VILLAGE OFFICIALS

WHO CHOSE TO PROVIDE MANY OF THE MATERIALS, WITH U.S. NAVY

ASSISTING THE VILLAGERS SIDE-BY-SIDE WITH LABOR

C. DATES OF PROJECTS: SOLOMONS, TONGA AND WESTERN SAMOA

(BARBOUR COUNTY) FROM 11 JAN - 2 FEB 88. TARANA, KIRIBATI: APRIL

WESTERN SAMOA AND NAJURA, MARSHALL ISLANDS (BENTON) DURING JUNE

1988. APRIL, WESTERN SAMOA, TARANA, KIRIBATI, AND NAJURA, MARSHALL

ISLANDS (CONSERVIER) FROM 3-11 MAR 88

D. TYPE AND SIZE OF UNITS: MIXED. MORE HAS PERFORMED MEDCAP

SUPERVISED BY 12-NAF SEABEE DETACHMENTS ABOARD THE SHIPS

E. U.S. DOLLAR COST OF CONSUMABLES: \$11,001.04, AS FOLLOWS:

(1) SOLOMONS: \$2,000.00

(2) TONGA: \$2,319.24

(3) WESTERN SAMOA: \$5,624.42

(4) KIRIBATI: \$817.43

(5) MARSHALL ISLANDS: \$904.75

F. OBJECTIVES ACHIEVED: PROVIDED IMPROVED RELATIONS IN MANY

CASES. LOCAL RESIDENTS HAD NOT SEEN U.S. MILITARY SINCE WWII, AND

EXPRESSED EXTREME PLEASURE AT BEING ABLE TO WORK SIDE-BY-SIDE WITH

THEM AGAIN. PROJECTS WERE CAREFULLY SELECTED TO ACHIEVE MAXIMUM

BENEFIT TO THE LOCAL POPULACE AT MINIMUM COST. SEABEES GAINED

DIRECT SKILL TRAINING.

4. PHILIPPINE MEDCAPS

A. RECIPIENT COUNTRY: PHILIPPINES

B. DESCRIPTION/LOCATION OF PROJECTS: MEDICAL AND DENTAL, CIVIC

ACTION PROJECTS AS FOLLOWS:

(1) 24-26 FEB 88 STA CRUZ, PALAUIG & BOTOLAN, ZAMBALES,

RP (5,799 PATIENTS), \$8,895.08

(2) 3 MAR 88, DAU HOMESITE, NABALACAT, PAMPANGA RP (2,247

ACTION ASD HA(1) USDP (ISA(1))

INFO USDP-FILE(1) CJC(S) SJS(1) WDS(1) J4(R) J7(R)

25(2) OVAL CONTROL(1) SECDEF-W(1) USDP-AF(1)

USDP-OSAA(4) USDP-FHRA(1) USDP-POL A(1) USDP-LOG(1)

USDP-LIC(1) USDP-AFR POL(1) USDP-HUMAN(1) NMIC(1)

DIOA(1) DB-RO(4) DIA(1) DIO-AF(1) PT-SECDEF//CCS(1)

PATIENTS), \$2,885.35

(3) 6 - 7 APR 88, SAN FERNANDO & ZURIPEN, LA UNION, RP

(1,573 PATIENTS), \$2,000.00

(4) 18 - 20 MAY 88, SAN RAMON, ZAMBALEGAR & IBA

ZAMBALES, RP (3,801 PATIENTS), \$5,221.45

(5) 27 MAY 88, PARIGOUT, TAILAC, RP (882 PATIENTS),

\$1,032.85

(6) 18 JUN 88, DOLORES, NABALACAT, PAMPANGA, RP (1,791

PATIENTS), \$2,034.35

C. DATES OF PROJECT: ABOVE

D. TYPE AND SIZE OF UNITS: SIZE OF TEAMS VARIED, BUT STANDARDS

WAS 10 - 15 MEDICAL/DENTAL PERSONNEL FROM CLARK AB, ASSISTED BY

LOCAL NATIONAL CORPSMEN, TRANSLATORS AND NURSES, OCCASIONALLY

ASSISTED BY LOCAL NATIONAL DOCTORS/DENTISTS

E. U.S. DOLLAR COST OF CONSUMABLES: \$20,870.08 (SUM OF

PROJECTS IN AB ABOVE)

F. OBJECTIVES ACHIEVED: BROUGHT BOTH U.S. PRESENCE AND NEEDED

MEDICAL ASSISTANCE TO REMOTE PARTS OF THE PROVINCES SURROUNDING

CLARK AIR BASE, THUS INCREASING U.S. PRESENCE, RECEPTIVITY AND

RELATIONS, WHILE PROMOTING A PRO-AMERICAN, ANTI-COMMUNIST

SENTIMENT. IN SEVERAL LOCATIONS, AMERICAN PRESENCE, WHILE KNOWN

IS SELDOM SEEN. PROJECTS ALLOWED U.S. PRESENCE IN A HIGHLY

FAVORABLE LIGHT

5. MEDICAL EXERCISE IN SUPPORT OF COBRA GOLD

A. RECIPIENT COUNTRY: THAILAND

B. DESCRIPTION/LOCATIONS OF PROJECTS

(1) STORAGE TANK AND DISTRIBUTION SYSTEM, PHITSANULOK

(2) CATCH BASIN/STORAGE TANK AND DISTRIBUTION, BUN HAN KUP

(3) STORAGE TANK AND DISTRIBUTION SYSTEM, PAK THANG CHAI

(4) STORAGE TANK AND DISTRIBUTION SYSTEM, BAN YAI DO

(5) MEDCAPS, PHITSANULOK AND KORAT

(6) SEPARATE MEDCAPS, KORAT

(7) MEDCAPS, RAYONG

(8) MEDCAPS, SATTAPHI AND RAYONG

C. DATES OF PROJECTS: 18 - 31 JULY 1988

D. TYPE AND SIZE OF UNITS: WATER DISTRIBUTION PROJECTS

ACCOMPLISHED BY BATH ENGINEER BATTALION, WESTCOM, 351ST CIVIL

AFFAIRS COMMAND, AND LOCAL CONTRACT/VOLUNTEER PERSONNEL. MEDCAPS

CONDUCTED BY 1ST SPECIAL FORCES GROUP, GUEBELLIA HOSPITAL

(PHITSANULOK AND KORAT), 351ST CIVIL AFFAIRS COMMAND, NORTHE MEDICAL

TEAMS (KORAT AND RAYONG), AND USMCUSMC MEDCAP TEAMS (SATTAPHI AND

RAYONG). THAIS CONTRIBUTED FUNDING AND PERSONNEL TO EACH PROJECT

E. U.S. DOLLAR COST OF CONSUMABLES: \$27,718.00

F. OBJECTIVES ACHIEVED: IN ADDITION TO TRAINING BENEFITS AND

INTEROPERABILITY WHICH ENHANCED EXERCISE OBJECTIVES, THESE CIVIC

ASSISTANCE PROJECTS CREATED AN OVERHANGING POSITIVE AMERICAN

PRESENCE DURING EXERCISE COBRA GOLD. THE UPWARD OF LOCAL SUPPORT

NEEDED TO MAKE THE EXERCISE A SUCCESS WAS EASILY OBTAINED, AND THE

LONG-TERM BENEFITS TO U.S. RELATIONS WITH THAILAND WERE ENORMOUS.

ALL PROJECTS WERE SUCCESSFUL IN MAINTAINING HUMANITARIAN

OBJECTIVES AND IN DEVELOPING CLOSE WORKING RELATIONSHIPS WITH THE

UNCLAS //NOFORN//

SECTION 02 OF 03

SUBJ: FY 1988 TITLE 10 HUMANITARIAN/CIVIC ASSISTANCE (HCA) REPORT

THAT PEOPLE AND MILITARY WATER DISTRIBUTION PROJECTS DIRECTLY

BENEFITTED THE HEALTH AND LONGTERM WELFARE OF THE VILLAGERS. IN

ONE CASE, THE VILLAGE WAS SO IMPRESSED WITH RESULTS THAT THEY

ELECTED A PERMANENT WATER COMMISSIONER TO OVERSEE THE PROJECT'S

OPERATIONS. OVER 18,000 PATIENTS WERE TREATED DURING MEDCAPS.

6. TONGA SEARCH AND RESCUE TOWER

A. RECIPIENT COUNTRY: TONGA

B. DESCRIPTION AND SPECIFIC LOCATION OF PROJECT: CONSTRUCTED

SMALL GENERATOR BUILDING, COMMUNICATIONS BUILDING, AND OBSERVATION

TOWER FOR COMMUNICATION AND WEATHER OBSERVATION USE, NEFAFU, VAKU

ISLAND GROUP

C. DATES OF PROJECT: 17 AUG - 30 SEP 88 (EXERCISE VALENTINE

KAUPUA)

D. TYPE AND SIZE OF UNITS: TWENTY-THREE PERSONNEL FROM 325TH

ENGINEER BATTALION, 27 PERSONNEL FROM 15TH ENGINEER DETACHMENT,

AND 28 PERSONNEL FROM BATH ENGINEER DETACHMENT

E. U.S. DOLLAR COST OF CONSUMABLES: \$22,721.44

F. OBJECTIVES ACHIEVED: THIS EXERCISE WAS THE FIRST TIME

SINCE WWII THAT U.S. FORCES SERVED ON TONGAN SOIL. THIS

CONSTRUCTION EFFORT PROVIDED TANGIBLE EVIDENCE TO THE TONGAN

GOVERNMENT AND PEOPLE OF U.S. SUPPORT. EXERCISE IS CREDITED BY

MCN=88357/08253

TOR=88357/2306Z

TAD=88357/2325Z

CDSN=MAU466

UNCLASSIFIED

PAGE 1 OF 3
222272Z DEC 88
03 SECT MSG

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTER

AMERICAN AMBASSADOR AS THE REASON FOR GREATLY IMPROVED RELATIONS WHICH FACILITATED AN EXTORTION INCIDENT INVOLVING ABDUCTED CHILDREN

G. LESSONS LEARNED: CONTRACTING PROCEDURES CURRENTLY USED BY U.S. NOT UNDERSTOOD IN DEVELOPING COUNTRIES. USE OF CLASS A AGENTS AND EXH-25 PREFERRED.

7. EXERCISE BAKER CANAL AIRPORT FACILITIES CONSTRUCTION PROJECT

A. RECIPIENT COUNTRY: FEDERAL ISLAMIC REPUBLIC OF THE COMOROS

B. DESCRIPTION AND SPECIFIC LOCATION OF PROJECT: CONSTRUCTION OF THE INTERNAL FIXTURES AT THE AIRPORT TERMINAL BUILDING AT ANJOUAN AND NOMEL ISLANDS IN THE COMOROS. BOTH PROJECTS INVOLVED THE COMPLETION OF THE FLOORING, DOORS, WINDOWS, COUNTERS, SEATING, PLUMBING, AND ELECTRICAL FIXTURES IN SEPARATE FACILITIES. AN EXTENSIVE FINAL REPORT WITH PHOTOGRAPHS WAS PREPARED ON THESE PROJECTS WHICH IS BEING MAILED UNDER SEPARATE COVER.

C. DATES OF PROJECT: 28 AUG - 21 SEP 88

D. TYPE AND SIZE OF UNITS: FIVE VERTICAL CONSTRUCTION ENGINEERS FROM THE BATH ENGINEER BATTALION (COMBAT) HEAVY WORKED WITH 40 COMORIAN CIVIL AVIATION AND DEFENSE FORCES PERSONNEL.

E. U.S. DOLLAR COST OF CONSUMABLES: \$59,991.32

F. OBJECTIVES ACHIEVED:

1. INCREASED THE ABILITY OF THE COMORIAN AVIATION

AUTHORITIES TO CONDUCT AIRPORT SECURITY SCREENING

2. ALLOWED U.S. AND COMORIAN CONSTRUCTION PERSONNEL TO

EXCHANGE CONSTRUCTION TECHNIQUES

3. DEMONSTRATED U.S. FRIENDSHIP AND APPRECIATION FOR

COMORIAN PRO-WESTERN ORIENTATION

4. PERMITTED U.S. ENGINEERS TO CONDUCT A CONSTRUCTION

OPERATION IN AN HOSTILE THIRD WORLD ENVIRONMENT

5. PROMOTED PERSON-TO-PERSON UNDERSTANDING WHILE

PROVIDING A VALUABLE SERVICE TO THE PEOPLE OF COMOROS

6. INCREASED GOVERNMENT-TO-GOVERNMENT AND ARMY-TO-ARMY

UNDERSTANDING AND TEAMWORK

8. U.S. ARMY HUMANITARIAN EXERCISE IN TUVALU

A. RECIPIENT COUNTRY: TUVALU

B. DESCRIPTION AND LOCATION OF PROJECT: INSTALLED EIGHT WATER

CATCHMENT AND STORAGE FACILITIES ON FUNAFUTI ATOLL, ADDING 24,000

GALLONS OF ADDITIONAL WATER CAPACITY TO A CRITICALLY SHORT AREA

C. DATES OF PROJECT: 11 - 27 AUG 88

D. TYPE AND SIZE OF UNITS: AN ENGINEER DETACHMENT FROM ALPINA

COMPANY, BATH ENGINEER BATTALION, SUPPORTED BY MEDICAL AND

COMMUNICATIONS SPECIALISTS (27 SOLDIERS TOTAL), WERE DEPLOYED. THE

TUVALU DEPARTMENT OF PUBLIC WORKS PROVIDED LOCAL MATERIAL AND 24

PERSONNEL TO WORK AS COUNTERPARTS.

E. U.S. DOLLAR COST OF CONSUMABLES: \$19,623.10

F. OBJECTIVES ACHIEVED: U.S. PERSONNEL GAINED VALUABLE

EXPERIENCE IN A DEPLOYMENT TO A FAR FLUNG ATOLL TO CONDUCT AN

EXERCISE IN WHICH THEY HAD TO BE TOTALLY SELF-SUPPORTING.

MATERIALS AND TROOPS WERE TRANSPORTED BY THE USCG CLINGER, WHOSE

CREW GAINED VALUABLE EXPERIENCE IN COASTAL AND LONG RANGE

NAVIGATION BY OPERATING THEIR SHIP AT SEA AND IN FOREIGN PORTS

DURING A SEVEN-WEEK OVERSEAS DEPLOYMENT. THE U.S. GOVERNMENT

GAINED PRESTIGE AND VISIBILITY IN THE EYES OF TUVALU'S CITIZENS,

DEPLOYING U.S. MILITARY UNITS THERE FOR THE FIRST TIME SINCE WWII.

THE U.S. GOVERNMENT GAINED FURTHER GRATITUDE FROM THE TUVALU

GOVERNMENT WHEN IT RESPONDED TO A TUVALU GOVERNMENT REQUEST TO HAVE

THE CLINGER STOP ON AN EMERGENCY BASIS AT THE REMOTE ISLAND OF NIU

TO DELIVER BADLY NEEDED MEDICINES ENROUTE HOME.

9. ENGINEER/MEDCAP EXERCISE

A. RECIPIENT COUNTRY: PAPUA NEW GUINEA

B. DESCRIPTION AND LOCATION OF PROJECT: WITH OSD APPROVAL,

PURCHASED MATERIALS WITH FY-88 FUNDS FOR AN EXERCISE IN EARLY

FY-89. ENGINEER/MEDCAP EXERCISES HELD IN NORTH SOLOMONS PROVINCE ON

THE ISLAND OF HOOGAIVILLE. PROJECTS CONSISTED OF A COMBINED ROAD

BUILDING EXERCISE AND COMBINED MEDCAPS CONDUCTED AT THE SAME

LOCATION

C. DATES OF PROJECT: 7 NOV - 19 DEC 88

D. TYPE AND SIZE OF UNITS: TWENTY-NINE U.S. PERSONNEL FROM

BATH ENGINEER BATTALION AND 31ST CIVIL AFFAIRS COMMAND MEDICAL

PERSONNEL, ASSISTED BY AN EQUAL NUMBER OF PNG ENGINEERS AND MEDICAL

PERSONNEL.

E. U.S. DOLLAR COST OF CONSUMABLES: \$48,823.43 / \$10,187.88

MEDICAL SUPPLIES, \$5,199.15 BUILDING MATERIALS, \$31,038.82

CONTRACTED EQUIPMENT

F. OBJECTIVES ACHIEVED:

1. FAVORABLE PUBLICITY REFLECTING U.S. RESPONSIVENESS TO

RESPOND TO FRIENDLY NATIONS' REQUESTS (GOVT OF PNG REQUESTED THIS

PROJECT)

2. INCREASED STATUS OF THE PNG GOVERNMENT. HELPING

STABILIZE A GOVERNMENT FAVORABLE TO THE U.S.

3. PARTICIPATING U.S. SOLDIERS RECEIVED VALUABLE TRAINING

BENEFIT

10. NAVY WELL PROJECT

A. RECIPIENT COUNTRY: PHILIPPINES

B. DESCRIPTION AND LOCATION OF PROJECT: CONSTRUCTED A DEEP

POTABLE WATER WELL FITTED WITH 10 GPM CAPACITY HAND PUMP IN

UNCLAS /P/049001/

FINAL SECTION OF 03

SUBJ: FY 1988 TITLE 10 HUMANITARIAN/CIVIC ASSISTANCE - IN REPORT

PASTOLAN VILLAGE

C. DATES OF PROJECT: 1-17 SEP 88

D. TYPE AND SIZE OF UNITS: SIX USAF RED HORSE CONSTRUCTION

PERSONNEL FROM CLARK AB, ASSISTED BY SUBIC COMMAND SEABE LIFELINE

E. U.S. DOLLAR COST OF CONSUMABLES: \$5,000.00

F. OBJECTIVES ACHIEVED: PASTOLAN IS A RURAL COMMUNITY OF 50

FAMILIES (200 PEOPLE) LOCATED JUST OUTSIDE U.S. MILITARY FACILITY

SUBIC BAY. VILLAGE INHABITANTS WERE RESETTLED FROM THE U.S. FACILITY

TO PASTOLAN VILLAGE TO FACILITATE SECURITY. EXISTING WELL DID NOT

YIELD POTABLE WATER. IN ADDITION TO ENHANCING SECURITY, PROJECT

DEMONSTRATED U.S. CONCERN FOR THE PEOPLE, AS WELL AS FACTS THAT

PROJECT ALSO ENHANCED CONSTRUCTION SKILLS OF U.S. PERSONNEL, WHO MAY

BE REQUIRED TO CONSTRUCT WELLS IN SUPPORT OF REMOTE U.S. OPERATIONS

11. END-OF-YEAR NAJON CONSTRUCTION PROJECTS. FOLLOWING PHILIPPINE

PROJECTS APPROVED END OF FY-88. FUNDS OBLIGATED DURING FY-88 FOR

PLANNED PROJECTS TO BE EXECUTED IN FY-89. FOLLOWING IS STATUS:

A. CONSTRUCTION OF WATER TANK RESERVOIR (NAVY, \$20K. NAJON)

HONGKONG, BATAAN. TASKED FOR COM-302 ACCOMPLISHMENT. PRESENTLY IN

FINAL DESIGN STAGE. TENTATIVE START DATE IS JAN 89.

B. ELECTRICAL IMPROVEMENT PROJECT (NAVY, \$7.5K). HEALTH CENTER

IN SUBIC, ZAMBALES. SCHEDULED FOR COM-302 ACCOMPLISHMENT.

ESTIMATED START DATE FEB 89.

C. RUN-OFF WATER DIVERSION PROJECT (NAVY, \$17.84K). OLINGAPO

CITY, ZIMBALES. PROJECT SUBMITTED FOR NET TASKING. ENGINEERING

DRAWINGS HAVE BEEN COMPLETED. PROJECT TO COMMENCE DURING "OFF

SEASON" JAN-MAY 89.

D. REBUILDING PASTOLAN TIMBER ACCESS BRIDGE (NAVY, \$20K)

PASTOLAN VILLAGE, HONGKONG, BATAAN. SUBMITTED FOR NET ACCOMPLISHMENT

PRELIMINARY SURVEY OF RIVER BED AND DETERMINATION OF CONTRACTABILITY

SITE IN PROGRESS. IN THE INTERIM, A TEMPORARY CULVERT FILL BRIDGE

WILL BE CONSTRUCTED TO FACILITATE CIVILIAN AND CONSTRUCTION TEAM

ACCESS ACROSS THE RIVER. ESTIMATED START DATE JAN 89.

E. REPLACEMENT OF WATER PUMPS AND PIPES (AIR FORCE, \$5.5K. FOR

SCHOOLS AND BARANGAYS IN CAPAS, TAILAC AREA). CURRENTLY IDENTIFYING

PROJECT SITES IN COORDINATION WITH BARANGAY AND MUNICIPAL

OFFICIALS. MATERIAL AND EQUIPMENT RECEIVED NOV 88.

F. MEDCAPS/DEMCAPS/VETCAPS (NAVY, \$19.4K). FIVE MEDCAPS/DEMCAPS

AND TEN VETCAPS WILL BE CONDUCTED IN ZIMBALES AND BATAAN PROVINCES BY

U.S. NAVAL HOSPITAL AND NAVAL DENTAL CLINIC PERSONNEL. PREPARETIVE

SITES ARE PRESENTLY UNDER CONSIDERATION. ACTIONS TO COMMENCE DEC

1988.

G. MOSQUITO SPRAYING AT SCHOOLS IN OLINGAPO (NAVY, \$3K)

QUARTERLY SPRAYING TO COMBAT HEMORRHAGIC FEVER AND MALARIA. SITES IN

OLINGAPO CITY HAVE BEEN IDENTIFIED AND INITIAL SPRAYING SCHEDULED.

H. WERI-MEDCAPS (AIR FORCE). FIVE ONE-HALF DAY WERI-MEDCAPS ARE

PLANNED IN THE CAPAS, TAILAC AREA (\$10K). ADDITIONALLY, TWO HAVE

BEEN COMPLETED.

(1) 20 OCT 1988 - MEDCAP IN BARANGAY NABUGU, CAPAS, TAILAC

330 TREATED (\$5K)

(2) 20 OCT 1988 - MEDCAP IN 20710 AGUING AND PACEPE. 70

TREATED (\$10K, \$0)

I. CONSTRUCTION OF SCHOOL DESKS (AIR FORCE, \$18.5K). CONSTRUCTION

OF 100 WOODEN DESKS FOR EACH OF FOUR TO FIVE SCHOOLS IN CAPAS,

TAILAC. SCHOOLS HAVE BEEN IDENTIFIED AND MATERIALS ORDERED. PROJECT

WILL COMMENCE AS SOON AS MATERIALS HAVE BEEN RECEIVED.

J. VARIOUS SCHOOL MAINTENANCE/CONSTRUCTION/PAINTING PROJECTS

(NAVY, \$0.98K). MATERIALS HAVE BEEN PROCURED. SCHOOLS ARE PRESENTLY

HAVE BEEN SURVEYED AND SELECTED. COMMUNITY RELATIONS PERSONNEL ARE

PRESENTLY COORDINATING WITH COMMUNITIES CONCERNED AND PREPARING

TASKING TO FLEET AND SHORE COMMANDS FOR THESE PROJECTS.

K. TOTAL: \$153,384.00

12. TRANSFER OF FUNDS TO CENTCOM. AT OSD REQUEST, TRANSFERRED:

MCN-88357/08253

TOR-88357/23062

YAD-88357/23252

CDSN-NAU466

UNCLASSIFIED

PAGE 2 OF 3
222172 DEC 88
03 SECT MSG

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTER

\$25,000 TO USCINCPAC FOR RELIEF OPERATIONS IN SUDAN.

13. SUMMARY OF FY-88 PROGRAMS BY COUNTRY:

A. PHILIPPINES	\$195,239.00
B. THAILAND	\$ 57,710.00
C. CAMBODIA	\$ 50,991.32
D. TONGA	\$ 25,036.00
E. TUVALU	\$ 19,823.10
F. PAPUA NEW GUINEA	\$ 40,823.43
G. WESTERN SAMOA	\$ 5,824.42
H. MARSHALL ISLANDS	\$ 904.75
I. KIRIBATI	\$ 817.43
J. SOLOMON ISLANDS	\$ 2,000.00
K. TRANSFER TO "CENTCOM"	\$ 35,000.00
L. TOTAL	\$448,578.27

REPRESENTING 90.5% OF TOTAL FUNDS AUTHORIZED. COST SAVINGS WERE GENERATED IN SEVERAL PROGRAMS BY UNEXPECTED DESIRE ON THE PARTS OF LOCAL GOVERNMENTS TO CONTRIBUTE MATERIALS FOR WHICH TITLE 10 FUNDS HAD BEEN PROJECTED. ACCEPTING THESE CONTRIBUTIONS CONTRIBUTED GREATLY TO THE SPIRIT OF SHARED PARTICIPATION IN THE PROJECTS.

14. THE ABOVE PROJECTS WERE EXTREMELY BENEFICIAL TO OUR PEACETIME STRATEGY IN THE PACIFIC. THIS IS AN EXTREMELY VALUABLE PROGRAM, WHICH GENERATES MULTIFOLD BENEFITS TO THE UNITED STATES COMPARED TO THE LOW DOLLAR COSTS OF THE PROGRAMS. ENTIRE NATIONS CAN BE INFLUENCED AS THE RESULT OF A FEW THOUSAND DOLLARS WORTH OF TITLE 10 FURNISHED MATERIALS. IN CONJUNCTION WITH DEPLOYED U.S. FORCES ON VIABLE TRAINING MISSIONS, WE EXTEND OUR FULL SUPPORT TO OSD EFFORTS TO EXTEND THE HUMANITARIAN/CIVIC ASSISTANCE AUTHORITIES BEYOND 1991, AND TO REMOVE DOLLAR CEILINGS. CONGRATULATIONS AND APPRECIATION TO TSA FOR A SUPERB JOB OF ASSISTING WITH FUNDING AND POLICY GUIDANCE.

BT

MCN=88357/08253

TOR=88357/2306Z

YAD=88357/2325Z

CDSN=MAU466

UNCLASSIFIED

PAGE 3 OF 3
222217Z DEC 88
03 SECT MSG

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTERGeorge
B
file last
88

PRIORITY 270000W 30664441 2701019

P 201631Z SEP 88
FM COMUSFORCIB KEY WEST FL//32//
TO USCINCLANT NORFOLK VA//353/3722 38//
INFO AMEMBASSY GRENADA//USAID/ADMIN OFFICER//
AMEMBASSY KINGSTON//USAID/ADMIN OFFICER//
AMEMBASSY ANTIGUA
SECDEF WASHINGTON DC//OSDP/ISA-88//
JCS WASHINGTON DC//25/SAIT/WHEN
CHUSMC BRIDGETOWN BB CHUSMC KINGSTON JN
COMPTTHARCON FT GEORGE G MEADE MD 358TH CA BDE//

UNCLAS

0000

SECTION 01 OF 08
SUBJ: HUMANITARIAN AND CIVIC ASSISTANCE QUARTERLY AFTER-ACTION
REPORT FOR 3RD QTR FY 88

A. COMUSFORCIB KEY WEST FL 201631Z APR 88
B. DRAFT OOD DIRECTIVE SUBJ: HUMANITARIAN AND CIVIC ASSISTANCE
PROVIDED IN CONJUNCTION WITH MILITARY OPERATIONS
C. COMUSFORCIB KEY WEST FL 091502Z MAR 88 (NOTAL)
1. REF A IS APPROVED BY 88 HUMANITARIAN/CIVIC ASSISTANCE (H/CA)
PROJECTS IN THE CARIBBEAN AOR. REF B REQUIRES A QUARTERLY AFTER
ACTION REPORT AND PROVIDES FORMAT FOR THE REPORT. REF C PROVIDES
PRIORITY LIST OF H/CA PROJECTS.
2. THE OVERALL SUPERVISION OF THE H/CA PROGRAM HAS BEEN
SIGNIFICANTLY ENHANCED BY ASSIGNING LTC GARY L. SMITH, USAF, AS
THE IN-THEATRE H/CA COORDINATOR FOR COMUSFORCIB (A 170 DAY
ACTIVE DUTY FOR SPECIAL WORKS ASSIGNMENT). LTC SMITH IS THE
SINGLE POC FOR THE 358TH CA BDE TEAM AS WELL AS ELEMENTS OF
ACTIVE SERVICE COMPONENTS ASSIGNED TO THE PROJECTS WHILE
OPERATING IN THE AOR. THE CHANGING NATURES AND EMBASSY USAID REPS
HAVE BEEN URGED TO USE LTC SMITH FOR TRAVEL-SHOOTING DIFFICULT
OR DELAYED PROJECTS. AS THE H/CA COORDINATOR, LTC SMITH IS
RESPONSIBLE FOR SUPERVISING EACH PROJECT THROUGH FOLLOW-UP
ACTIONS AND BY MAINTAINING CONTINUITY IN THE ABSENCE OF
ON-THE-GROUND U.S. FORCES.
3. THE FOLLOWING STATUS OF H/CA PROJECTS INITIATED IN THE 3RD
QTR OF FY 88 IS PROVIDED IN THE FORMAT PRESCRIBED IN REF B AND
THE ORDER IDENTIFIED IN REF C. IT SHOULD BE NOTED THAT
PARAGRAPHS F AND G OUTLINED IN THE FORMAT CONTAINED IN REF B WILL
BE CONSOLIDATED IN PARAGRAPHS 4 (OBJECTIVES ACHIEVED) AND 5
(LESSONS LEARNED/RECOMMENDATIONS FOR FUTURE IMPROVEMENTS) OF THIS
MESSAGE.

PROJECT 1

(A) GRENADA
(B) CAMRACON HOME FOR THE AGED: THE PROJECT
RENOVATES AN OLD ESTATE HOUSE TO FUNCTION AS A HOME FOR THE AGED
IN CAMRACON AND PETIT MARTINIQUE, LOCATION OF ROYAL
CAMRACON.
(C) PROJECT STARTED MAY 88, ESTIMATED COMPLETION
DATE: NOV 88
(D) 358TH CIV AFFAIRS BDE EMPLOYED A 3 MAN TEAM
2-15 MAY 1988
(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$2,000

PROJECT 2

(A) GRENADA
(B) TIVOLI ROMAN CATHOLIC SCHOOL: GENERAL REPAIRS
TO THE ENTIRE SCHOOL IN THE AREAS OF ROOFS, CARPENTRY,
PLUMBING, AND PAINTING. THE SCHOOL IS LOCATED IN TIVOLI, ST
ANDREW'S.
(C) PROJECT STARTED IN APR 1988 AND ESTIMATED TO BE
COMPLETED BY 30 SEP 1988
(D) 358TH CA BDE EMPLOYED A 1 MAN TEAM 17 APR - 5
MAY 1988
(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$0,440

PROJECT 3

(A) GRENADA

ACTION

INFO

CJCS(5) DJS(1) JAS(1) RTBS(1) JS(2)
QUAL CONTROL(1) USCEL LBRN(1) J8-PMAN(1) SECDEF(8)
USDP(1) AD-MA(1) USDP/ISA(1) USDP/SA(3)
USDP/OSAN(4) USDP/PMAN(1) USDP/PSL AG(1) USDP/LTC(1)
USDP/HUMAN(1) DMIC(1) DDO(1) DD-DC(1) DIA(1)

MCN=88270/06237

TOR=88270/20102

TAD=88270/20262

COSN=MAU143

PAGE 1 OF 4
261833Z SEP 88

UNCLASSIFIED

(B) MT. HENRITZ COMMUNITY CENTER IN ST. GEORGE'S,
GRENADA. PROJECT CONSISTS OF THE CONSTRUCTION OF A COMMUNITY
CENTER WHERE DIMENSIONS TOTAL 1,980 SQ FT AND WILL DIRECTLY
BENEFIT 800 PERSONS.

(C) SCHEDULED FOR 4TH QTR FY88 (8-21 AUG 88) AND
AWAITING FINAL AFTER ACTION REPORT.

(D) 358TH CIVIL AFFAIRS BDE EMPLOYED A 2 MAN TEAM.
(E) US DOLLAR COST OF CONSUMABLES: \$10,062

PROJECT 4

(A) GRENADA
(B) HANCOCK CRAFT TRAINING CENTER: PROJECT IS TO
CONSTRUCT A BUILDING FROM CONCRETE, WOOD AND BARBED, 1250 SQ FT
TO BE USED AS A CRAFT TRAINING CENTER AND TOURIST SHOP WHICH WILL
BENEFIT APPROXIMATELY 125 PEOPLE.

(C) PROJECT WAS STARTED IN MAY 1988 AND IS
SCHEDULED TO BE COMPLETED BY 30 SEP 88.

(D) 358TH CIVIL AFFAIRS BDE EMPLOYED A 3 MAN TEAM
FROM 2-15 MAY 1988
(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$7,963

PROJECT 5

(A) GRENADA
(B) VICTORIA COMMUNITY/VOCATIONAL TRAINING CENTER
LOCATED IN VICTORIA, ST. MARK'S, GRENADA. PROJECT CONSISTS OF
RENOVATION OF AN OLD INDIAN SCHOOL INTO A COMMUNITY CENTER AND
VOCATIONAL TRAINING INSTITUTE. THE POPULATION OF VICTORIA IS
5,500.

(C) 4TH QTR FY88, COMMUNITY SUPPORT FOR THE PROJECT
HAS BEEN SLOW IN DEVELOPING. PROJECT, IF INITIATED, WILL BE LATE
IN THE 4TH QTR FY 88.

(D) 358TH CIVIL AFFAIRS BDE WILL EMPLOY ONE PERSON
IN SEP 88 TO INITIATE THE PROJECT. THERE EXISTS THE POSSIBILITY
OF CANCELLATION DUE TO A LACK OF VOLUNTEER ASSISTANCE.
(E) US DOLLAR COST OF CONSUMABLES: \$4,792

PROJECT 6

(A) JAMAICA

UNCLAS

0000

SECTION 02 OF 08

(B) ST. HENRY'S CHILDREN'S HOME: THE PROJECT
PROVIDED NEW EQUIPMENT TO THE HOME WHICH IS A VOCATIONAL TRAINING
CENTER. THE LAUNDRY, SINKS AND KITCHEN REQUIRES EXTENSIVE
UPGRADING. A NEW DRAINAGE/SEPTIC SYSTEM WAS CONSTRUCTED IN ORDER
TO KEEP PACE WITH THE GROWING NEEDS OF THE SCHOOL. LOCATED IN
STONESTON.

(C) PROJECT STARTED IN JUNE 1988 AND IS 100 PERCENT
COMPLETE.

(D) 358TH CIV AFFAIRS BDE EMPLOYED A 3 MAN TEAM
6-18 JUNE 1988
(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$30,000.00

PROJECT 7

(A) JAMAICA

(B) LANE TRAINING CENTER: VOCATIONAL SCHOOL TRAINS
YOUNG PEOPLE TO BE CATERERS. FUNDS WERE USED TO PURCHASE,
INSTALL AND PROVIDE TRAINING ON THE PROPER USAGE OF A REACH-IN
REFRIGERATOR, STAINLESS STEEL SINK, DEEP FAT FRYER, AND LAUNDRY
EQUIPMENT. LOCATED IN KINGSTON.

(C) PROJECT STARTED IN JUNE 1988 AND IS 100 PERCENT
COMPLETE.

(D) 358TH CIV AFFAIRS BDE EMPLOYED A 3 MAN TEAM
6-18 JUNE 1988
(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$19,080

PROJECT 8

(A) GRENADA

(B) PARACLETTE GOVERNMENT SCHOOL: PROJECT IS TO
CONSTRUCT 180 CHAIRS AND 75 DOUBLE BENCHES TO HELP ALLEVIATE
SEATING PROBLEMS AT THE SCHOOL. LOCATED AT PARACLETTE, ST
ANDREW'S.

(C) PROJECT STARTED LATE IN JUNE AND ESTIMATED TO
BE COMPLETED BY SEP 88.

(D) 358TH CIV AFFAIRS BDE EMPLOYED A 2 MAN TEAM 25
JUNE - 8 JULY 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$3,065

PROJECT 9 (INITIALLY NOT APPROVED BUT LATER CONSOLIDATED
WITH PROJECT 29)

(A) GRENADA

UNCLASSIFIED

DUCS INFORMATION
SERVICE CENTER

(B) ST PATRICK'S ROMAN CATHOLIC SCHOOL. PROJECT IS TO PAINT THE ENTIRE SCHOOL. THIS WILL BENEFIT OVER 1,000 CHILDREN. LOCATED AT SAUTEURS, ST. PATRICK'S.

PROJECT 10

(A) GRENADA

(B) ST CLOUDS WATER PROJECT. TO REPLACE SMALL ROTTER 1/2 IN PIPES WITH 2,000 FT OF 2 IN PIPE. THIS PROVIDED POTABLE WATER TO AN AREA SUPPORTING 2,000 PEOPLE. LOCATED AT ST. CLOUDS, ST. ANDREW'S (SOUTHEAST).

(C) PROJECT INITIATED IN APRIL 88 AND IS 100 PERCENT COMPLETE.

(D) 358TH CIV AFFAIRS BDE EMPLOYED A 2 MAN TEAM 18 APR-1 MAY 88.

(E) U.S. DOLLAR COSTS OF CONSUMABLES \$3,371

PROJECT 11

(A) GRENADA

(B) LA PASTORA WATER PROJECT. PROJECT PROVIDED PIPE-BORNE WATER TO THE VILLAGE BY INSTALLING APPROX 4,000 FT OF GALVANIZED PIPE. PROJECT BENEFITTED OVER 50 FAMILIES. LOCATED AT BAILES BASCOLET, ST. DAVID'S.

(C) PROJECT STARTED IN MAY 1988 AND IS 100 PERCENT COMPLETE.

(D) 358TH CIV AFFAIRS BDE EMPLOYED A 2 MAN TEAM 2-15 MAY 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES \$4,348

PROJECT 12

(A) GRENADA

(B) ROGELS CRAIGSTON WATER PROJECT. PROJECT REQUIRED THE TESTING AND REPAIR/REPLACEMENT OF THE CHERRY HILL WATER STORAGE TANK AND THE REPAIRING OF THE CRAIGSTON WELL.

(C) 4TH QTR FY88 (8-21 AUG 88) US EMPLOYMENT COMPLETED. FINAL COMPLETION PENDING PURCHASE AND INSTALLATION OF PUMP UNIT BY GOVERNMENT OF GRENADA.

(B) 358TH CIVIL AFFAIRS BDE EMPLOYED A 2 MAN TEAM.

(E) US DOLLAR COST OF CONSUMABLES \$2,240

PROJECT 13

(A) GRENADA

(B) NANA CANNES WATER PROJECT CONSISTED OF THE INSTALLATION OF 4,100 FT OF GALVANIZED PIPE TO PROVIDE PIPE-BORNE WATER FOR 75 PERSONS IN THE ST. ANDREW'S AREA.

(C) 4TH QTR FY88 (11-24 JUL 88) PROJECT IS 100 PERCENT COMPLETE.

(D) 358TH CIVIL AFFAIRS BDE EMPLOYED A ONE MAN TEAM

UNCLAS

OOOQ

SECTION 03 OF 06

FROM 11-24 JUL 88

(E) US DOLLAR COST OF CONSUMABLES \$8,204

PROJECT 14

(A) GRENADA

(B) ANCHOR WATER PROJECT INVOLVES REPLACEMENT OF 1 IN PIPELINES WITH 1000FT OF 2 IN PIPELINES THAT WILL BRING AN ADEQUATE SUPPLY OF WATER TO APPROXIMATELY 200 PERSONS AT TIVOLI, ST. ANDREW'S (NORTH).

(C) 4TH QTR FY88 (11-24 JUL 88) PROJECT IS 90 PERCENT COMPLETE. TOTAL COMPLETION PENDING FINAL CONNECTION OF PIPES (EST 30 SEP 88).

(B) 358TH CIVIL AFFAIRS BDE EMPLOYED A 2 MAN TEAM FROM 11-24 JUL 88.

(E) US DOLLAR COST OF CONSUMABLES \$2,188

PROJECT 15

(A) GRENADA

(B) HERBORN PRE-PRIMARY SCHOOL AND COMMUNITY CENTER PROJECT IS TO COMPLETELY RENOVATE THE COMMUNITY CENTER BY REPAIRING AND REPLACING MUCH OF THE ROOFING AND WOODING, REPAIRING THE PLUMBING AND INSTALLING ELECTRICAL SERVICES.

(C) PROJECT STARTED MAY 1988 AND IS ESTIMATED TO BE COMPLETED BY LATE SEP OR EARLY OCT.

(B) 358TH CA BDE EMPLOYED A 3 MAN TEAM 18-29 MAY 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES \$8,740

PROJECT 16

(A) GRENADA

(B) BLACK BAY COMMUNITY CENTER AND PRE-PRIMARY SCHOOL. PROJECT COMPLETELY RENOVATES BLACK BAY GOLF HOUSE 30 FT

CAN BE UTILIZED AS A PRE-PRIMARY SCHOOL AND COMMUNITY CENTER WHICH WILL INDIRECTLY BENEFIT APPROX 5,000 PEOPLE. LOCATED AT BLACK BAY, ST. JOHN'S.

(C) PROJECT STARTED MAY 1988 AND IS ESTIMATED TO BE COMPLETED BY SEP 88.

(B) 358TH CA BDE EMPLOYED A 1 MAN TEAM 12-26 JUN 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES \$8,075

PROJECT 17

(A) GRENADA

(B) GRAND ROY PRE-PRIMARY SCHOOL. PROJECT IS TO CONSTRUCT THE SCHOOL, APPROX 1,2500 SQ. FT WHICH WILL DIRECTLY BENEFIT 75 CHILDREN. LOCATED AT GRAND ROY, ST. JOHN'S.

(C) PROJECT STARTED 20 MAY 1988 AND IS ESTIMATED TO BE COMPLETE BY SEP 1988.

(B) 358TH CA BDE EMPLOYED A 2 MAN TEAM 31 MAY-15 JUN AND A 1 MAN TEAM 12-26 JUN 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES \$8,237

PROJECT 18

(A) GRENADA

(B) REVER SALLEE PRE-PRIMARY SCHOOL. PROJECT CONSISTS OF THE CONSTRUCTION OF A PRE-PRIMARY SCHOOL.

APPROXIMATELY 1,330 SQ FT THAT WILL BENEFIT APPROXIMATELY 185 INFANTS IN THE ST. PATRICK'S AREA.

(C) 4TH QTR FY88 (17-30 SEP 88). PROJECT IS 80 PERCENT COMPLETED. WORK ON CEILING, ROOF AND FLOORS REMAINS (EST COMPLETION BY LATE SEP OR EARLY OCT).

(B) 358TH CIVIL AFFAIRS BDE EMPLOYED A ONE MAN TEAM FROM 8-30 SEP 88.

(E) US DOLLAR COST OF CONSUMABLES \$8,217

PROJECT 19

(A) DOMINICA

(B) FISHING BOAT SAFETY PROGRAM. PROJECT IS TO CONSTRUCT EMERGENCY LANDING RUMPS 22 FT BY 40 FT WHICH WOULD EXTEND BEYOND HIGH TIDE PLUS MAJOR WAVE HEIGHT OF SEAS. THIS WILL HELP PREVENT INJURIES FROM BOATS STRIKING ROCKS AND CAPSIZING. 3 DOCKS LOCATED ST. SAUVENIR BAY, CLIFTON BAY AND CAPUCHIN.

(C) PROJECT WAS STARTED IN APR 1988 AND 2 DOCKS ARE 80 PERCENT COMPLETED AND THE REMAINING DOCK IS ESTIMATED TO BE COMPLETED BY 1 NOV 1988.

(B) 358TH CA BDE EMPLOYED A 4 MAN TEAM 24 APR - 8 MAY 1988 AND ANOTHER 2 MAN TEAM 7-22 MAY 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES \$30,000

PROJECT 20

(A) ST KITTS

(B) REMOVAL OF THE SHIPWRECK IN THE BASSETTERRE HARBOR. PROJECT INVOLVED THE FORMAL EMPLOYMENT OF A USN SALVAGE DETACHMENT FROM CORUS TO PREPARE, FLAT, TOW AND SINK THE REMAINS OF A SMALL COASTAL FREIGHTER THAT WAS WASHED ASHORE DURING A HURRICANE IN 1984.

UNCLAS

OOOQ

SECTION 04 OF 06

(C) US DEPLOYMENT BEGAN ON 3 JUL 88 AND WAS COMPLETED ON 12 AUG 88. HANDOFF OF PROJECT TO ST KITTS GOVT FROM 12 AUG 88 TO 2 SEP 88 (REMAINING ONE THIRD OF SHIP, BOW SECTION, WAS UNLOADABLE AND WAS SUBSEQUENTLY PULLED ASHORE TO BE CUT UP BY CIVIL EMPLOYEES USING ACETYLENE TORCHES).

(B) UNITS CONDUCTING THE ACTIVITY:

(1) 3 JUL 88 TO 12 AUG 88:
21 PERSONNEL, HODOTVSALU TWO, TWO LITTLE

CREED, VA.

2 PERSONNEL, PUSHBOT OPERATORS, RS

ROOSEVELT BOARDS, PR.

(2) 12 AUG 88 TO 2 SEP 88:

1 PERSON, 358TH CA BDE (USAR), HONRISTOWN,

PA (US OBSERVER DURING CUTTING OPERATIONS).

4 PERSONNEL, LOCAL CIVIC EMPLOYEES

(DISPOSED THE REMAINING BOW SECTION).

(E) US DOLLAR COST OF CONSUMABLES \$1,177

(F) OBJECTIVES ACHIEVED:

(1) USN PERSONNEL RECEIVED VALUABLE TRAINING BY DEPLOYING AS A UNIT TO A SPECIFIED DOMESTIC LOCATION TO ACCOMPLISH A MISSION WITHIN ITS ASSIGNED CAPABILITIES.

MCN=88270/06337

TAD=88270/2010Z

CDSN=BAU143

PAGE 2 OF 4

261833Z SEP 88

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTER

(2) USMC CIVILIAN PERSONNEL GAINED ADDITIONAL LEADERSHIP SKILLS BY OBSERVING/SUPERVISING, AS WELL AS ADVISING LOCAL ST KITTS CIVIC EMPLOYEES IN THE CUTTING AND DISPOSAL OF THE REMAINING HORN SECTION.

(3) LOCAL ST KITTS CIVIC EMPLOYEES GAINED VALUABLE HANDS-ON EXPERIENCE AND KNOWLEDGE OF SHIP SALVAGE OPERATIONS WHILE WORKING CLOSELY WITH US MILITARY PERSONNEL.

(G) LESSONS LEARNED/RECOMMENDATIONS FOR FUTURE IMPROVEMENTS. TIME IS ESSENTIAL. THE SHIP REMAINED IN PLACE FOR AN EXTENDED PERIOD OF TIME (PLUS 4 YRS) CAUSING THE HULL TO RUST AND WEAKEN TO A POINT THAT THE OPERATION BECAME VERY DIFFICULT AND DANGEROUS.

PROJECT 21

(A) ST. KITTS

(B) VOCATIONAL TECH SCHOOL EQUIPMENT/PROGRAMS. PROJECT WAS TO TRAIN VOTEC STUDENTS AND PROVIDE NECESSARY EQUIPMENT FOR SPECIALIZED TRAINING. STUDENTS WERE TO HELP REMOVE SHIPWRECK BY USING STEEL CUTTING EQUIPMENT PURCHASED BY N/CA FUNDS. PROJECT LOCATED AT BASSETTIERRE, ST. KITTS.

(C) PROJECT WAS STARTED JUN 1988 AND EQUIPMENT DELIVERED DURING THE OCT. U.S. PARTICIPATION IN THE SHIPWRECK REMOVAL IS COMPLETE.

(D) 358TH CA BDE EMPLOYED A 2 MAN TEAM 21 JUN - 3 JUL 1988. THE LATE START OF THE PROJECT HAD AN IMPACT ON THE AVAILABILITY OF THE VOTEC STUDENTS DUE TO THE SUMMER VACATION BREAK.

(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$3,480

PROJECT 22

(A) ANTIGUA

(B) REPAIRS TO ADOLF SCHOOLS FOR HANDICAPPED. PROJECT IS TO CONSTRUCT A SCHOOL BUILDING APPROX 24' X 24' USING WOOD OR CEMENT BLOCKS CONTAINING A CLASSROOM WITH SEPARATE KITCHEN, LAUNDRY AND TOILET FACILITIES. LOCATED AT ST. JOHN'S, ANTIGUA.

(C) PROJECT STARTED IN MAY 1988 AND IS APPROXIMATELY 30 PERCENT COMPLETE AND IS ESTIMATED TO BE COMPLETED BY SEPT 1988.

(D) 358TH CA BDE EMPLOYED A 3 MAN TEAM 1-15 MAY 1988, A 2 MAN TEAM 8-29 JUN 1988 AND A 3 MAN TEAM 27 JUN - 11 JUL 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$20,000

PROJECT 23

(A) ANTIGUA

(B) REPAIRS TO A HEALTH BUILDING THAT IS 15 FT BY 15 FT USED FOR FAMILY LIFE EDUCATION AND HEALTH CARE MEETINGS. LOCAL LABOR TO BE USED.

(C) 4TH QTR FY88 (8-21 AUG 88) 60 PERCENT COMPLETED AS OF 11 SEP 88.

(D) 358TH CIVIL AFFAIRS BDE EMPLOYED A THREE MAN TEAM FROM 8-21 AUG 88.

(E) US DOLLAR COST OF CONSUMABLES: \$10,000

PROJECT 24

(A) ANTIGUA

(B) REPAIRS TO A MENTAL HEALTH HOSPITAL IN ST. JOHN'S. BUILDING IS APPROXIMATELY 144 FT LONG SECTIONALIZED 12 FT BY 12 FT ROOMS.

(C) 4TH QTR FY 88 (22 AUG 88-4 SEP 88) 30 PERCENT COMPLETE AS OF 11 SEP 88. ESTIMATED COMPLETION 15 SEP 88.

(D) 358TH CIVIL AFFAIRS BDE EMPLOYED A TWO MAN TEAM

UNCLAS

XXXX

SECTION 05 OF 06

FROM 22 AUG 88 TO 4 SEP 88.

(E) US DOLLAR COST OF CONSUMABLES: \$45,000

PROJECT 25: REF C NOT APPROVED

PROJECT 26

(A) BARBADOS

(B) CALIBRATION OF NATURAL GAS EQUIPMENT: PROJECT WAS TO DETERMINE FEASIBILITY OF IN-COUNTRY CALIBRATION BY NATIONAL PETROLEUM CORPORATION PERSONNEL AND ADDITIONAL EQUIPMENT THAT MIGHT BE REQUIRED. LOCATED AT NATIONAL PETROLEUM CORP. BRIDGETOWN.

(C) PROJECT STARTED IN MAY 1988 AND IS 100 PERCENT COMPLETE.

(D) 358TH CA BDE EMPLOYED A 1 MAN TEAM 8-21 MAY

1988

(E) U.S. DOLLAR COSTS OF CONSUMABLES: 0

PROJECT 27

(A) ST. LUCIA

(B) RENOVATE MEDICAL BUILDING WING FOR OLD AGE HOME. RENOVATION CONSISTS OF PAINTING, INSULATION OF THE CEILING, CONSTRUCTION OF A COVERED WALKWAY BETWEEN THE KITCHEN AND ADMIN BUILDING, POURING A CONCRETE FLOOR IN THE NEW WING AND EXCAVATION OF WORMS WING. LOCATED IN SOUTHERN ST. LUCIA.

(C) PROJECT STARTED IN MAY 1988 AND IS BEING CONDUCTED IN TWO PHASES. PHASE I WAS THE NEW WING AND IS COMPLETED. PHASE II IS ESTIMATED TO BEGIN 15 SEP 1988.

(D) 358TH CA BDE EMPLOYED 3 ONE MAN TEAMS BACK TO BACK STARTING 24 APR - 29 MAY 1988.

(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$67,880

PROJECT 28

(A) JAMAICA

(B) RUMAHAY PARK SCHOOL. TO CONSTRUCT A SCHOOL BUILDING THAT WOULD BE UTILIZED AS AN AUDITORIUM AND ADDITIONAL CLASS ROOMS. SCHOOL IS OVERCROWDED AND IS CURRENTLY RUNNING TWO SESSIONS A DAY TO ACCOMMODATE THE OVERCROWDING.

(C) PROJECT STARTED IN JUN AND IS ESTIMATED TO BE COMPLETED SEP 1988.

(D) 358TH CA BDE EMPLOYED A 3 MAN TEAM 6-10 JUN

1988

(E) U.S. DOLLAR COSTS OF CONSUMABLES: \$19,880

PROJECT 29

(A) GRENADA

(B) PROJECT CONSISTED OF PAINTING FOUR SCHOOLS AND ONE HOME FOR ABANDONED CHILDREN: ST. PATRICKS SCHOOL, MOUNT ROSE SCHOOL, ST. DAVID'S SECONDARY SCHOOL, ST. DAVID'S PRIMARY SCHOOL, AND QUEEN ELIZABETH HOME FOR ABANDONED CHILDREN. ADDITIONALLY, SOME ELECTRIC WIRING WAS REPLACED IN THE QUEEN ELIZABETH HOME.

(C) MAR - MAY 1988

(D) COMBINATION TWO EMPLOYED 7-10 MAN TEAMS TO EACH

PROJECT.

(E) US DOLLAR COSTS OF CONSUMABLES: \$3,362

PROJECT 30

(A) REVIS

(B) RENOVATION AND REPAIRS TO THE CHARLESTON SECONDARY SCHOOL WHICH INCLUDE: REPLACEMENT OF BROKEN WINDOWS WITH PLASTIC PANELS, CONSTRUCTION OF A SHELTER FOR PROPANE GAS (BOTTLE) STORAGE AND REPAIRS TO A TOILET FACILITY ROOM.

(C) 2 PERSONNEL FROM CONCORDANT, NORFOLK, VA CONDUCTED INITIAL SITE/ON SURVEY AT CHARLESTON, REVIS FROM 29 AUG 88 TO 1 SEP 88. PROJECT WAS INITIALLY SCHEDULED TO BEGIN ON 15 SEP 88, HOWEVER DUE TO THE DISCOVERY OF ASBESTOS WITHIN THE STRUCTURE AND THE INCORRECT SIZE OF AVAILABLE PLEXIGLASS FOR THE REPAIR OF THE WINDOWS, THE PROJECT WILL NOW BEGIN ON OR ABOUT 20 SEP 88.

(D) FIVE MAN TEAM (TEAM CHIEF PLUS 4) USMC SEABEE PERSONNEL (CARPENTERS/VERTICAL ENGINEERS) WITH THE VOLUNTEER HELP OF LOCAL LABOR FOR A PERIOD OF 7 TO 10 WORKING DAYS.

(E) US DOLLAR COST OF CONSUMABLES: PROJECT ESTIMATED TO COST \$8,000.00.

4. CONSOLIDATED OBJECTIVES ACHIEVED

A. PROVIDED 358TH CA BDE PERSONNEL OPPORTUNITIES TO PRACTICE CIVIL AFFAIRS OPERATIONAL SKILLS IN THE CARIBBEAN AOR.

B. PROVIDES 358TH CA BDE PERSONNEL WITH DEPLOYMENT/EMPLOYMENT/ REDEPLOYMENT EXPERIENCE IMPOSSIBLE TO REPLICATE IN CONES.

C. PROVIDED OPPORTUNITY TO OBTAIN FIRST HAND INFORMATION FOR CIVIL AFFAIRS AREA ASSESSMENTS.

D. PROVIDED OPPORTUNITY TO IDENTIFY AVAILABLE RESOURCES, FACILITIES AND SUPPORT TO BE USED BY THE US GIVEN POSSIBLE CONTINGENCIES.

E. PROVIDED EVALUATION OF POTENTIAL CIVILIAN INTERFACE WITH

UNCLAS

XXXX

FINAL SECTION OF 06

US MILITARY OPERATIONS

F. PROVIDES OPPORTUNITY TO SUPPLEMENT INTELLIGENCE OPERATIONS AND INTERFACE WITH PSYOPS UNIT (35TH PSYOPS BN, CHICAGO, IL).

G. ASSISTES HOST NATION GOVERNMENTS IN MEETING NEEDS OF ITS

MCN=88270/06337 TOR=88270/20102

YAD=88270/20262 CDSN=MAU143

PAGE 3 OF 4

2618177 SEP 88

88-21-0001

UNCLASSIFIED

OJCS INFORMATION
SERVICE CENTERPOPULATION AND MAINTAINING STABLE AND VIABLE CIVIL
ADMINISTRATIONH. ASSISTED OTHER US AGENCIES (USAID AND DOD) AND HOST
NATION GOVERNMENTS1. IMPLEMENTED MILITARY CIVIC ACTION PROJECTS DIRECTED
TOWARD ENCOURAGING AND SUPPORTING SELF-HELP PROGRAMS2. ENSURED THAT MILITARY CIVIC ACTION PROGRAMS IN THE M/CA
PROGRAM INTERFACED WITH CURRENT HOST NATION GOVERNMENTS INTERNAL
DEVELOPMENT PROGRAMS3. CONSOLIDATED LESSONS LEARNED/RECOMMENDATIONS FOR FUTURE
IMPROVEMENTSA. M/CA PROJECTS MUST BEGIN EARLIER IN THE FY
B. NEED CONTINUED ON-SITE INSPECTIONS OF PROJECTS TO MONITOR
STATUS (USE OF AGRS OR OVERLAP ODTS)- RECOMMENDED FEWER PERSONNEL/ODT AND OVERLAP OF ODTS
C. A GREATER NUMBER OF ACTIVE COMPONENT SUPPORT PERSONNEL
NEED TO BE INVOLVED, ESPECIALLY ENGINEERS AND CONSTRUCTION
SPECIALTIESD. NEED WRITTEN MEMORANDUM OF UNDERSTANDING SIGNED BY ALL
PARTIES INVOLVED IN EACH INDIVIDUAL PROJECT (INCLUDING HOST
NATION GOVERNMENTS, U.S. AGENCIES, 358TH CA BDE PERSONNEL AND
COMMUNITY LEADERS). HOW SHOULD OUTLINE SPECIFIC RESPONSIBILITIES
OF EACH PARTY AND THE LIMITS OF US ASSISTANCEE. NEED MORE INTENSIVE CIVIL AFFAIRS INTERACTION WITH
COMMUNITY LEADERS TO INSURE UNCONDITIONAL COMMUNITY SUPPORT FOR
IMPLEMENTATION OF PROJECTSF. NEED FORMAL 358TH CA BDE LEVEL MONITORING OF M/CA
FUNDING/EXPENDITURES AND IMMEDIATE INPUT OF INFORMATION TO 34.
COMUSFORCARIB. THIS ACTION WILL BE THE RESPONSIBILITY OF THE
358TH CA BDE ISLAND PROJECT OFFICERSG. START DATES FOR PROJECTS MUST BE COORDINATED WITH
EXERCISES, HOLIDAYS AND SCHOOL BREAKS TO ENSURE HOST NATION
CIVILIAN VOLUNTEERS ARE AVAILABLE TO ASSIST IN THE COMPLETION OF
THE PROJECTH. NEED MORE FLEXIBILITY WHEN DEPLOYING ODT PERSONNEL TO THE
CARIBBEAN NOR WHEN EXERCISING M/CA PROJECTS. NUMEROUS PROJECTS
ARE ONGOING AND OBTAIN TIMES DO NOT HAVE U.S. PERS AVAILABLE TO
SUPERVISE. IF A PROBLEM SHOULD DEVELOP, IT MAY BE NECESSARY TO
MOVE AN INDIVIDUAL TO THAT ISLAND COUNTRY UNCLE IN THE NOR I.E.
THE COMPLETION OF THE ST KITTS SHIPWRECK REMONAL.I. CONTINUE THE USE OF ACTIVE DUTY FOR SPECIAL WORKS OFFICER
AS THE M/CA COORDINATOR. THIS POSITION IS CRITICAL TO THE
OVERALL IN-THEATER SUPERVISION OF PROJECTSB. COMUSFORCARIB POKS ARE LTC BOUQUETTE, 23. AV 483-8227/COMM
(308) 292-5227 OR CPT RADTKE, 23. AV 483-8473/COMM (308)
292-5473 BT

MCN=88270/06337

TOR=88270/2010Z

TAD=88270/2026Z

CSN=MAU143

UNCLASSIFIED

PAGE 4 OF 4
261833Z SEP 88
06 SECT MSG



DEPARTMENT OF DEFENSE
UNITED STATES SOUTHERN COMMAND
QUARRY HEIGHTS, PANAMA



SCJ3-CA

16 February 1989

MEMORANDUM FOR: Director, Office of Humanitarian Assistance
ATTN: LTC George D'Angelo

SUBJECT: USSOUTHCOM HCA FY 1988 Report

1. USSOUTHCOM HCA Fiscal Year 1988 expenditures total \$1,402,773.23, as follows:

a. Honduras:	\$ 1,188,346.00	Encl 1
b. Bolivia:	\$ 80,250.00	Encl 2
c. Guatemala:	\$ 70,006.00	Encl 3
d. Costa Rica:	\$ 41,227.10	Encl 4
e. Paraguay	\$ 22,744.13	Encl 5

2. This memorandum contains fourteen (14) pages.

Robert S. Rodriguez
ROBERT S. RODRIGUES
MAJ. USA
Civic Action Officer

REPUBLIC OF HONDURAS

MCA FY 88

- (1) PROJECT CONTROL NUMBER: SC88-001-HO-001
ACTIVITY: Engineer
LOCATION: Arturo Santos Delgado School, Choluteca
COST: \$0 Project cancelled.
- (2) PROJECT CONTROL NUMBER: SC88-002-HO-002
ACTIVITY: Engineer
LOCATION: Alvarez Martinez School, Choluteca
COST: \$0 Project cancelled.
- (3) PROJECT CONTROL NUMBER: SC88-003-HO-003
ACTIVITY: Engineer
LOCATION: Madam Curie School, Choluteca
COST: \$0 Project cancelled.
- (4) PROJECT CONTROL NUMBER: SC88-004-HO-004
ACTIVITY: Engineer
LOCATION: Puerto Lempira School, Gracias A Dios
COST: \$0 Project cancelled.
- (5) PROJECT CONTROL NUMBER: SC88-005-HO-005
ACTIVITY: Engineer
LOCATION: Mocoron School, Gracias A Dios
COST: \$0 Project cancelled.
- (6) PROJECT CONTROL NUMBER: SC88-006-HO-006
ACTIVITY: Engineer
LOCATION: Siralstara School, Choluteca
COST: \$0 Project cancelled.
- (7) PROJECT CONTROL NUMBER: SC88-007-HO-007
ACTIVITY: Engineer
LOCATION: Mistruk School, Francisco Morazan
COST: \$3,942.57
- (8) PROJECT CONTROL NUMBER: SC88-008-HO-008
ACTIVITY: Engineer
LOCATION: La Criba School, Choluteca
COST: \$8,035.39
- (9) PROJECT CONTROL NUMBER: SC88-009-HO-009
ACTIVITY: Engineer
LOCATION: Francisco Morazan School, Francisco Morazan
COST: \$4,703.19
- (10) PROJECT CONTROL NUMBER: SC88-010-HO-010
ACTIVITY: Engineer
LOCATION: Del Valle School, Choluteca
COST: \$0 Project cancelled.

Enclosure 1

Page 1 of 9 Pages

Republic of Honduras (continued)
HCA FY 88

- (11) PROJECT CONTROL NUMBER: SC88-011-HO-011
ACTIVITY: Engineer
LOCATION: Policarpo Bonilla School, Comayagua
COST: \$4,110.69
- (12) PROJECT CONTROL NUMBER: SC88-012-HO-012
ACTIVITY: Engineer
LOCATION: Ramon Sosa School, Comayagua
COST: \$5,482.71
- (13) PROJECT CONTROL NUMBER: SC88-013-HO-013
ACTIVITY: Engineer
LOCATION: San Geronimo School, Comayagua
COST: \$0 Project cancelled.
- (14) PROJECT CONTROL NUMBER: SC88-014-HO-014
ACTIVITY: Engineer
LOCATION: Colonia Buena Vista School, Choluteca
COST: \$8,261.59
- (15) PROJECT CONTROL NUMBER: SC88-014-HO-014-A
ACTIVITY: Engineer
LOCATION: Ahuas Tara Engineer Contingency
COST: \$0 Not required.
- (16) PROJECT CONTROL NUMBER: SC88-015-HO-015-001
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Jocon Park, Yoro
COST: \$4,841.71
- (17) PROJECT CONTROL NUMBER: SC88-015-HO-015-002
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Andres Lopez Diaz School (fencing), Yoro
COST: \$0 Project cancelled.
- (18) PROJECT CONTROL NUMBER: SC88-015-HO-015-003
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Andres Lopez Diaz School (stage), Yoro
COST: \$0 Project cancelled.
- (19) PROJECT CONTROL NUMBER: SC88-015-HO-015-004
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Andres Lopez Diaz School (volleyball court), Yoro
COST: \$0 Project cancelled.
- (20) PROJECT CONTROL NUMBER: SC88-015-HO-015-005
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Andres Lopez Diaz School (basketball court), Yoro
COST: \$0 Project cancelled.

Republic of Honduras (continued)
HCA FY 88

- (21) PROJECT CONTROL NUMBER: SC88-015-HO-015-006
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Yoro Community Nutritional Center, Yoro
COST: \$6,656.00
- (22) PROJECT CONTROL NUMBER: SC88-015-HO-015-007
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Mercedes Ramirez School (wiring), Yoro
COST: \$3,656.00
- (23) PROJECT CONTROL NUMBER: SC88-015-HO-015-008
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Ester Gumber School (stage), Yoro
COST: \$2,656.00
- (24) PROJECT CONTROL NUMBER: SC88-015-HO-015-009
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Escuela Guia Tecnica (fencing), Yoro
COST: \$16,656.00
- (25) PROJECT CONTROL NUMBER: SC88-015-HO-015-010
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Pedro P. Amaya School (latrine), Yoro
COST: \$2,656.00
- (26) PROJECT CONTROL NUMBER: SC88-015-HO-015-011
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Jocon Catholic School (repair), Yoro
COST: \$4,455.00
- (27) PROJECT CONTROL NUMBER: SC88-016-HO-016
ACTIVITY: Engineer; Cabanas 88
LOCATION: Guaimaca, Francisco Morazan
COST: \$13,334.00
- (28) PROJECT CONTROL NUMBER: SC88-022-HO-017-A
ACTIVITY: Medical
LOCATION: Palmerola Air Base (Soto Cano), Comayagua
COST: \$200,000.00
- (29) PROJECT CONTROL NUMBER: SC88-022-HO-017-B
ACTIVITY: Medical
LOCATION: Palmerola Air Base (Soto Cano), Comayagua
COST: \$400,000.00
- (30) PROJECT CONTROL NUMBER: SC88-022-HO-017-C
ACTIVITY: Medical
LOCATION: Palmerola Air Base (Soto Cano), Comayagua
COST: \$149,200.00

Republic of Honduras (continued)
HCA FY 88

- (31) PROJECT CONTROL NUMBER: SC88- 023-HO-018
ACTIVITY: Engineer; Ahuas Tara 88
LOCATION: Valle, Choluteca
COST: \$44,810.00
- (32) PROJECT CONTROL NUMBER: SC88 - 024-HO-019-001
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: La Loma, Yoro
COST: \$1,500.00
- (33) PROJECT CONTROL NUMBER: SC88- 024-HO-019-002
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: El Hato, Yoro
COST: \$1,000.00
- (34) PROJECT CONTROL NUMBER: SC88- 024-HO-019-003
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Alta Cruz, Yoro
COST: \$1,000.00
- (35) PROJECT CONTROL NUMBER: SC88- 024-HO-019-004
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Jocón, Yoro
COST: \$2,000.00
- (36) PROJECT CONTROL NUMBER: SC88- 024-HO-019-005
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Guata, Yoro
COST: \$1,000.00
- (37) PROJECT CONTROL NUMBER: SC88- 024-HO-019-006
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: La Limera, Yoro
COST: \$1,000.00
- (38) PROJECT CONTROL NUMBER: SC88- 024-HO-019-007
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Tapiquil, Yoro
COST: \$1,000.00
- (39) PROJECT CONTROL NUMBER: SC88- 024-HO-019-008
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Volcan, Yoro
COST: \$1,000.00
- (40) PROJECT CONTROL NUMBER: SC88- 024-HO-019-009
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Lama, Yoro
COST: \$1,000.00

Republic of Honduras (continued)
HCA FY 88

- (41) PROJECT CONTROL NUMBER: SC88- 024-HO-019-010
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Puente Grande, Yoro
COST: \$1,000.00
- (42) PROJECT CONTROL NUMBER: SC88 -024-HO-019-011
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Puente Cita, Yoro
COST: \$1,500.00
- (43) PROJECT CONTROL NUMBER: SC88- 024-HO-019-012
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Macora, Yoro
COST: \$1,000.00
- (44) PROJECT CONTROL NUMBER: SC88- 024-HO-019-013
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: La Pimienta, Yoro
COST: \$1,000.00
- (45) PROJECT CONTROL NUMBER: SC88- 024-HO-019-014
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: La Esperanza, Yoro
COST: \$1,000.00
- (46) PROJECT CONTROL NUMBER: SC88- 024-HO-019-015
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Potrerillos, Yoro
COST: \$1,000.00
- (47) PROJECT CONTROL NUMBER: SC88- 024-HO-019-016
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: El Corozo, Yoro
COST: \$1,000.00
- (48) PROJECT CONTROL NUMBER: SC88- 024-HO-019-017
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Desvio Tercales, Yoro
COST: \$1,000.00
- (49) PROJECT CONTROL NUMBER: SC88- 024-HO-019-018
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: La Jagua, Yoro
COST: \$1,000.00

REVENUE FROM PROJECTS, CONTINUED,
HCA FY 88

- (51) PROJECT CONTROL NUMBER: SC88-024-HO-019-020
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: La Pacaya, Yoro
COST: \$1,000.00
- (52) PROJECT CONTROL NUMBER: SC88-024-HO-019-021
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Agua Fria, yoro
COST: \$1,000.00
- (53) PROJECT CONTROL NUMBER: SC88-024-HO-019-022
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: La Rosa, Yoro
COST: \$1,000.00
- (54) PROJECT CONTROL NUMBER: SC88-024-HO-019-023
ACTIVITY: Medical; Fuertes Caminos 88
LOCATION: Tercales, Yoro
COST: \$1,000.00
- (55) PROJECT CONTROL NUMBER: SC88-025-HO-020
ACTIVITY: Medical; Cabanas 88
LOCATION: Agua Fria; Corralitos, Yoro
COST: \$9,962.51
- (56) PROJECT CONTROL NUMBER: SC88-038-HO-021-001
ACTIVITY: Engineer
LOCATION: Tierra Santa Orphanage, Villa de San Antonio, Comayagua
COST: \$40,076.37
- (57) PROJECT CONTROL NUMBER: SC88-038-HO-021-002
ACTIVITY: Engineer
LOCATION: Escuela San Geronimo, San Geronimo, Comayagua
COST: \$9,999.50
- (58) PROJECT CONTROL NUMBER: SC88-038-HO-021-003
ACTIVITY: Engineer
LOCATION: Escuela Guadalupe Ulloa, Comayagua
COST: \$9,999.32
- (59) PROJECT CONTROL NUMBER: SC88-038-HO-021-004
ACTIVITY: Engineer
LOCATION: Escuela Mixta Bethancourt, Comayagua
COST: \$9,993.50
- (60) PROJECT CONTROL NUMBER: SC88-038-HO-021-005
ACTIVITY: Engineer
LOCATION: Escuela Pablo Portillo, Comayagua
COST: \$9,997.42

Republic of Honduras (continued)
HCA FY 88

- (61) PROJECT CONTROL NUMBER: SC88-038-HO-021-006
ACTIVITY: Engineer
LOCATION: Maria De Jesus Bustillo, Comayagua
COST: \$9,999.37
- (62) PROJECT CONTROL NUMBER: SC88-038-HO-021-007
ACTIVITY: Engineer
LOCATION: Escuela Francisco Velez, Cane, La Paz, Comayagua
COST: \$9,981.74
- (63) PROJECT CONTROL NUMBER: SC88-038-HO-021-008
ACTIVITY: Engineer
LOCATION: Escuela Luis Alonzo Tajada Suazo, Cane, La Paz, Comayagua
COST: \$9,917.46
- (64) PROJECT CONTROL NUMBER: SC88-038-HO-021-009
ACTIVITY: Engineer
LOCATION: Escuela Agutarique, Agutarique, Comayagua
COST: \$9,979.13
- (65) PROJECT CONTROL NUMBER: SC88-038-HO-021-010
ACTIVITY: Engineer
LOCATION: Escuela Fray Cepeda, Comayagua, Comayagua
COST: \$9,999.78
- (66) PROJECT CONTROL NUMBER: SC88-038-HO-021-011
ACTIVITY: Engineer
LOCATION: Escuela Jose Cecilia Del Valle, Comayagua, Comayagua
COST: \$9,996.99
- (67) PROJECT CONTROL NUMBER: SC88-038-HO-021-012
ACTIVITY: Engineer
LOCATION: Escuela Guillermo Casco Callejas, Comayagua, Comayagua
COST: \$0 Project cancelled.
- (68) PROJECT CONTROL NUMBER: SC88-038-HO-021-013
ACTIVITY: Engineer
LOCATION: Escuela Ramiro Humberto Moreno, La Paz, Comayagua
COST: \$9,997.75
- (69) PROJECT CONTROL NUMBER: SC88-038-HO-021-014
ACTIVITY: Engineer
LOCATION: Cane Health Clinic, La Paz, Comayagua
COST: \$0 Project cancelled.
- (70) PROJECT CONTROL NUMBER: SC88-038-HO-021-015
ACTIVITY: Engineer
LOCATION: Escuela Asilio Ancianas, La Paz, Comayagua
COST: \$0 Project cancelled.

Republic of Honduras (continued)
HCA FY 88

- (71) PROJECT CONTROL NUMBER: SC88-038-HO-021-016
ACTIVITY: Engineer
LOCATION: Instituto Lorenzo Cervantes, Cane, Comayagua
COST: \$0 Project cancelled.
- (72) PROJECT CONTROL NUMBER: SC88-038-HO-021-017
ACTIVITY: Engineer
LOCATION: Escuela Mixta Los Choritos, Comayagua
COST: \$0 Project cancelled.
- (73) PROJECT CONTROL NUMBER: SC88-045-HO-022
ACTIVITY: Engineer
LOCATION: La Lima Elementary School, San Pedro Sula, Cortes
COST: \$0 Project cancelled.
- (74) PROJECT CONTROL NUMBER: SC88-046-HO-023
ACTIVITY: Engineer
LOCATION: La Lima Elementary School, San Pedro Sula, Cortes
COST: \$66,655.00
- (75) PROJECT CONTROL NUMBER: SC88-047-HO-024-001
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Jalegua Bridge, Yoro
COST: \$0 Project cancelled.
- (76) PROJECT CONTROL NUMBER: SC88-047-HO-024-002
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Desvio Tercales School, Yoro
COST: \$7,155.00
- (77) PROJECT CONTROL NUMBER: SC88-047-HO-024-003
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Potrerillo School, Yoro
COST: \$7,155.00
- (78) PROJECT CONTROL NUMBER: SC88-047-HO-024-004
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: La Pimienta School, Yoro
COST: \$7,155.00
- (79) PROJECT CONTROL NUMBER: SC88-047-HO-024-005
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Puente Grande School, Yoro
COST: \$0 Project cancelled.
- (80) PROJECT CONTROL NUMBER: SC88-047-HO-024-006
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Puente Cita Medical Clinic, Yoro
COST: \$0 Project cancelled.

Republic of Honduras
HCA FY 88

- (81) PROJECT CONTROL NUMBER: SC88- 047-HO-024-007
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: La Loma Water Project, Yoro
COST: \$0 Project cancelled.
- (82) PROJECT CONTROL NUMBER: SC88 -047-HO-024-008
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: El Hato Water Project, Yoro
COST: \$0 Project cancelled.
- (83) PROJECT CONTROL NUMBER: SC88- 047-HO-024-009
ACTIVITY: Engineer; Fuertes Caminos 88
LOCATION: Los Angeles Water Project, Yoro
COST: \$0 Project cancelled.
- (84) PROJECT CONTROL NUMBER: SC88- 048-HO-025
ACTIVITY: Engineer; USS Racine (USN)
LOCATION: Colon
COST: \$0 Project cancelled.
- (85) PROJECT CONTROL NUMBER: SC88- 049-HO-026-001
ACTIVITY: SOPHAT III
LOCATION: Atlantida
COST: \$12,612.84
- (86) PROJECT CONTROL NUMBER: SC88- 049-HO-026-002
ACTIVITY: SOPHAT IV, V, and VI
LOCATION: Atlantida
COST: \$13,472.44
- (87) PROJECT CONTROL NUMBER: SC88- 050-HO-027
ACTIVITY: HCA Kits
LOCATION: Honduras
COST: \$0 Project cancelled.
- (88) PROJECT CONTROL NUMBER: SC88- 051-HO-028
ACTIVITY: Engineer
LOCATION: La Paz Well, La Paz, Comayagua
COST: \$5,983.05

REPUBLIC OF BOLIVIA

NCA FY 88

- (1) PROJECT CONTROL NUMBER: SC88- 036-BL-001
ACTIVITY: Medical
LOCATION: Robore
COST: \$29,000.00
- (2) PROJECT CONTROL NUMBER: SC88 - 041-BL-002
ACTIVITY: SOPHAT (Medical)
LOCATION: Chimora, Guaqui, Tequina
COST: \$27,700.00
- (3) PROJECT CONTROL NUMBER: SC88- 044-BL-003²
ACTIVITY: Engineer
LOCATION: N/A
COST: \$0 Project cancelled.
- (4) PROJECT CONTROL NUMBER: SC88- 057-BL-004
ACTIVITY: Medical
LOCATION: Oruro
COST: \$23,550.10

REPUBLIC OF GUATEMALA

HCA FY 88

- (1) PROJECT CONTROL NUMBER: SC88- 020-GT-001
ACTIVITY: Medical
LOCATION: Chimaltenango, Xebatan, Chaotulum, Chiribuju
COST: \$38,263.35
- (2) PROJECT CONTROL NUMBER: SC88 - 042-GT-002
ACTIVITY: Engineer
LOCATION: N/A
COST: \$0 Project cancelled.
- (3) PROJECT CONTROL NUMBER: SC88- 058-GT-003
ACTIVITY: Medical
LOCATION: Chemachoy
COST: \$31,722.25

HCA FY 88

- (1) PROJECT CONTROL NUMBER: SC88- 027-CS-001
ACTIVITY: Medical
LOCATION: Health Clinic, Limon
COST: \$13,227.10
- (2) PROJECT CONTROL NUMBER: SC88 - 028-CS-002
ACTIVITY: Medical
LOCATION: La Colonia, Valle La Estrella
COST: \$28,000.00
- (3) PROJECT CONTROL NUMBER: SC88- 039-CS-003
ACTIVITY: Engineer
LOCATION: N/A
COST: \$0 Project cancelled.
- (4) PROJECT CONTROL NUMBER: SC88- 040-CS-004
ACTIVITY: Engineer
LOCATION: N/A
COST: \$0 Project cancelled.

REPUBLIC OF PARAGUAY

HCA FY 88

- (1) PROJECT CONTROL NUMBER: SC88- 018-PA-001
ACTIVITY: Engineer
LOCATION: Laguna Negra, Santa Teresita, Mariscal Estigarribia
COST: \$13,643.34
- (2) PROJECT CONTROL NUMBER: SC88 - 033-PA-002
ACTIVITY: Medical, Fuerzas Unidas 88
LOCATION: Nueva Asuncion, Laguna Negra
COST: \$9,100.79

~~UNCLASSIFIED~~OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301-2400INTERNATIONAL
SECURITY AFFAIRS

27 FEB 1990

743/ MEMORANDUM FOR MR. ROWEN

THROUGH DR. WOLTHUIS

SUBJECT: FY 1989 Annual Report to Congress on Title 10 Humanitarian/
Civic Assistance (H/CA) - ACTION MEMORANDUM

Attached for your review and signature are reports to the Armed Services Committees of the House and Senate, the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House outlining the countries, cost, and type of activities associated with Title 10 H/CA.

The following sums were spent by command in FY 1989:

USCENTCOM	\$192,000.00
USEUCOM	\$336,000.00
USLANTCOM	\$405,637.00
USPACOM	\$722,242.00
USSOUTHCOM	<u>\$2,191,500.00</u>
TOTAL:	\$3,847,379.00

The unclassified cables from the Commands are attached to the report as they provide detailed information about the various projects and specifics on benefits derived. USCENTCOM report is classified SECRET and is included for your information but will not be forwarded with the report.

This report has been coordinated with USAID in accordance with the 10 July 1987 MOU on this subject. ISA regions have reviewed the report.

for
GEORGE H. DYKES
Director, Office of
Humanitarian Assistance

Attachments

Coordination:

OSD/LA

7 Steven 2127/90

~~UNCLASSIFIED~~

Upon removal of attachments
this document becomes

~~UNCLASSIFIED~~

INTERNATIONAL
SECURITY AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON D C 20301-2400

02 MAR 1990

Honorable Les Aspin
Chairman, Committee on
Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Pursuant to Chapter 20, Section 401, Title 10, USC, this report provides a list of countries in which humanitarian and civic assistance activities were performed, the type and description of these activities and the amount expended for each country. This information was provided by the staffs of the Unified Command responsible for the activity.

Forty-one developing countries participated in the program in FY 1989 at a total cost of \$3,847,379.

The regional commanders view this program as extremely valuable and have enthusiastically supported its continuation and growth. The training opportunities for US military personnel have been significant. Country team support has also been unanimous and enthusiastic.

This report is organized by regional command and lists each participating country, a general description of the activities performed and total expenditure by country. I have also attached the unclassified reports of the Commands which define the individual activities performed in each country and the cost of each specific activity.

<u>Country</u>	<u>Activity</u>	<u>Cost</u>
USCENTCOM		
Jordan	Medical care in rural areas.	\$80,000
Kenya	Medical care in rural areas and well drilling.	\$76,000
Somalia	Medical care in rural areas; well drilling; rudimentary construction.	\$36,000
TOTAL USCENTCOM:		\$192,000

USEUCOM

Botswana	Basic medical and dental care in rural areas.	\$30,000
Gabon	Repair of public facilities.	\$25,000
Guinea	Rudimentary repair of public facilities.	\$25,000
Liberia	Rudimentary repair of public facilities; basic medical and dental care in rural areas.	\$86,000
Mauritania	Basic medical care in rural area.	\$10,000
Sierra Leone	Rudimentary repair of public facilities.	\$30,000
Tunisia	Construction of water tower.	\$40,000
Zaire	Rudimentary repair to public facilities; medical and dental care in rural areas.	\$90,000
	TOTAL USEUCOM:	\$336,000

USLANTCOM

Antigua	Construction and repair to public facilities.	\$99,000
Dominica	Repair of public facilities.	\$30,000
Grenada	Rudimentary construction and repair of public facilities; construction of school equipment; repair of water systems.	\$81,952
Jamaica	Construction and rudimentary repair of public facilities.	\$104,831
Nevis	Renovation and repair of public facilities.	\$ 9,654
St Lucia	Renovation of public facility.	\$70,000
St Vincent	Improvements to public area by removal of harbor shipwreck.	\$10,200
	TOTAL USLANTCOM:	\$405,637

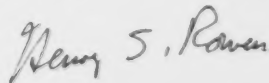
USPACOM

Bangladesh	Medical care in rural areas.	\$ 3,500
Cook Islands	Rudimentary construction of public facilities.	\$ 2,700
Kiribati	Rudimentary repair to public facilities and limited construction of public facilities.	\$65,062
Madagascar	Construction of a rural road.	\$19,800
Marshall Islands	Medical and dental care in rural areas.	\$ 7,500
Papua New Guinea	Rudimentary repair to public facilities.	\$ 582
Philippines	Rudimentary construction and repair of public facilities; medical and dental care in rural areas; drilling in rural areas.	\$495,730
Solomon Islands	Rudimentary repairs to public facilities.	\$ 1,624
Tahiti	Rudimentary repair to public facilities.	\$ 800
Thailand	Medical care in rural areas; rudimentary construction of water distribution system.	\$113,567
Tonga	Rudimentary repairs to public facilities.	\$ 2,600
Tuvalu	Construction of water catchment basins.	\$ 4,800
Western Samoa	Rudimentary repairs to public facilities.	\$ 3,977
	TOTAL USPACOM:	\$722,242

USSOUTHCOM

Belize	Repair public facility.	\$ 133
Bolivia	Medical and dental care in rural areas; rudimentary construction and repair of public facilities.	\$271,871
Chile	Basic medical care in rural area.	\$ 3,259
Costa Rica	Medical care in rural areas; rudimentary construction and repair of public facilities.	\$150,959
Guatemala	Medical and dental care in rural areas; rudimentary construction and repair of public facilities.	\$128,763
Guyana	Medical and dental care in rural areas; rudimentary construction and repair of public facilities.	\$224,987
Honduras	Medical and dental care in rural areas; rudimentary construction and repair of public facilities.	\$1,173,940
Paraguay	Medical care in rural areas; rudimentary engineer construction.	\$96,613
Peru	Medical care in rural areas.	\$50,975
Uruguay	Rudimentary construction and repair of public facilities.	\$90,000
TOTAL USSOUTHCOM:		\$2,191,500

Sincerely,



Attachments
a/s

HENRY S. ROWEN
Assistant Secretary of Defense
(International Security Affairs)

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

ROUTINE
P 091924Z JAN 90 TYB
FM USCINCLANT NORFOLK VA
TO SECDEF WASHINGTON DC//USDP HUMAN//
INFO USCINCLANT DET KEY WEST FL

ZYUW PLCSGGG885 0100128

UNCLAS

SECTION 02 OF 05

SUBJ: FY89 CONGRESSIONAL REPORTING REQUIREMENT FOR HUMANITARIAN AND CIVIC ASSISTANCE (H/CA) IN CONJUNCTION WITH MILITARY OPERATIONS

A. SECDEF 012236Z NOV 89
C. SECDEF 122512Z DEC 89
C. USCINCLANT 271631Z JUL 88
D. USCINCLANT 081042Z DEC 88
E. USCINCLANT 241703Z FEB 89
F. USCINCLANT 012103Z AUG 89
G. USCINCLANT 181034Z SEP 89
H. USCINCLANT 3002110Z NOV 89

1. REF A REQUESTED DATA ON FY 89 H/CA PROGRAMS IN CONJUNCTION WITH MILITARY OPERATIONS. REF B SET THE FORMAT FOR THIS REPORT. REF C, D, AND E ESTABLISHED USLANTCOM'S H/CA PRIORITIES FOR FY 89. REF F CREATED 12 ADDITIONAL H/CA PROJECTS WITH FY 89 RESIDUAL FUNDS. 2. IN THE 4TH QUARTER OF FY 89, USLANTCOM RESTRUCTURED ITS H/CA PROGRAM (AW THE GUIDANCE PROVIDED BY DR. WOLTHUIS. PREVIOUSLY, H/CA PROJECTS WERE ACCOMPLISHED BY LOCAL VOLUNTEER LABOR WITH OVERSIGHT/SUPERVISION PROVIDED BY THE 358TH CA BDE ON A ROTATIONAL DEPLOYMENT SCHEDULE THROUGHOUT THE FISCAL YEAR. THIS PROGRAM ENSURED WIDESPREAD COMMUNITY SUPPORT, FOSTERED A SPIRIT OF SELF-PRIDE AND SELF-HELP, AND PERMITTED TRAINING OF 358TH CA BDE PERSONNEL IN THEIR CIVIL AFFAIRS SELECTIVE SKILL IDENTIFIER (SSI). THE DOWNSIDE OF THIS INITIATIVE WAS THAT CONSTRUCTION PROJECTS USUALLY TOOK A FULL CALENDAR YEAR TO COMPLETE. PROJECTS REQUIRING SPECIALIZED EXPERTISE WERE SUPPORTED WITH SMALL DEPLOYMENTS. 3. SINCE AUGUST 1989, USLANTCOM HAS BEEN WORKING ON THE SCHEDULING OF ROTATIONAL DEPLOYMENTS BY U.S. MILITARY UNITS INTO THE CARIBBEAN AOR. DEPLOYMENT OF NATIONAL GUARD UNITS WAS ARRANGED FOR JAMAICA FROM JANUARY THROUGH JUNE 1990. REF G AND H REQUESTED FOR FORSCOM ADDITIONAL DEPLOYMENT AVAILABILITIES FOR SPECIFIC TRAINING MISSIONS. 4. H/CA PROJECTS NOT COMPLETED IN FY 89 ARE AWAITING THE AVAILABILITY OF TROOP DEPLOYMENTS. DELAY OR POSTPONEMENT OF FY 90 PROJECTS CAN BE EXPECTED. THE MAIN PROBLEM IS THAT USLANTCOM'S INTEGRATION INTO THE RESERVE AND ACTIVE DUTY COMPONENT DEPLOYMENT FOR TRAINING (OFT) SCHEDULES WILL NOT BE FULLY REALIZED UNTIL FY 91. ONCE THE FY 90 PICTURE IS CLARIFIED, USCINCLANT WILL NOTIFY OSD/ISA THE FORSCOM WORLDWIDE ODT CONFERENCE AND THE USCINCLANT FY91/92 JOI CONFERENCE ARE SCHEDULED FOR 2ND QUARTER FY 90. FY 90 DEPLOYMENTS WILL BE ADDRESSED DURING THESE CONFERENCES. ADDITIONAL COMMITMENTS TO DEPLOY FORCES MAY RESULT FROM THESE DISCUSSIONS. 5. THE FOLLOWING DATA IS PROVIDED (AW REF A FOR FY 89 H/CA ACTIVITIES).

A. PROJECT 1

(1) ANTIGUA-BARBUDA
(2) ST. JOHN'S HEALTH CLINIC
(3) CONSTRUCTION OF A 20' X 40' BUILDING. PROJECT NOT STARTED. GOVERNMENT OF ANTIGUA HAS NOT FINALIZED THE SITE FOR THE PROJECT.
(4) N/A
(5) N/A
(6) \$25,000 ALLOCATED. FUNDS COMMITTED BY FORMAL CONTRACT FOR USE IN FY90.

B. PROJECT 2

(1) ANTIGUA-BARBUDA
(2) ST. JOHN'S VILLA SCHOOL, ANTIGUA
(3) CONSTRUCTION OF A CLASSROOM FACILITY (30' X 60') AND TOILET FACILITY. PROJECT 75% COMPLETE. CLASSROOM PARTITIONS ARE REQUIRED.
(4) OCTOBER 1989 - SEPTEMBER 1989
(5) 358TH CA BDE PERFORMED PROJECT OVERSIGHT/SUPERVISION WITH 18 PERSONNEL THROUGHOUT THE FISCAL YEAR
(6) \$18,000 SPENT FOR CONSUMABLES
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME

ACTION (USDP-HUMAN(3)) (U,F)
INFO: OJAL CONTROL(1), SECDEF-W(1), USDP-OSAA(4)
USDP-FHRA(1), USDP-LIC(1)

AREA OF OPERATION. INCREASED U.S. PRESENCE IN THE CARIBBEAN AND IMPROVED THE SOCIAL AND ECONOMIC WELFARE OF LOCAL CITIZENS OF ANTIGUA.

C. PROJECT 3

(1) ANTIGUA-BARBUDA
(2) SOCCER FIELD, ST. JOHN'S, ANTIGUA
(3) REGRADING OF FIELD AND CONSTRUCTION OF SPECTATOR FACILITIES. PROJECT NOT STARTED. ORIGINAL SITE FOR PROJECT SELECTED BY THE GOVERNMENT OF ANTIGUA WAS NOT SUITABLE.
(4) N/A
(5) N/A
(6) \$6,000 ALLOCATED. FUNDS NOT USED NOR COMMITTED FOR USE IN FY 90.

D. PROJECT 4

(1) ANTIGUA-BARBUDA
(2) MINISTRY OF HEALTH/DEPARTMENT OF PUBLIC INFORMATION STORAGE FACILITY, ANTIGUA
(3) CONSTRUCTION OF A 5' X 8' FACILITY FOR STORING MEDICAL SUPPLIES. PROJECT COMPLETED.
(4) MARCH TO JULY 1989
(5) 358TH CA BDE PERFORMED PROJECT OVERSIGHT/SUPERVISION WITH 18 PERSONNEL THROUGHOUT THE FISCAL YEAR
(6) \$3,000 SPENT FOR CONSUMABLES
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND IMPROVED THE MEDICAL WELFARE OF THE LOCAL CITIZENS OF ANTIGUA.

E. PROJECT 5

(1) DOMINICA
(2) HEALTH CENTERS, PORTSMOUTH, VIELLE CASE, MAHAUT, SCOTTS HEAD, SOUFRIERE, MARGOT, DOS D'ANNE, CALIBISHI, AND PENNYVILLE
(3) GENERAL REPAIRS TO HEALTH CENTERS. PROJECTS ONLY 10% COMPLETE DUE TO BUREAUCRATIC PROBLEMS IN PROJECT COORDINATION BETWEEN THE LOCAL COMMUNITIES AND THE GOVERNMENT OF DOMINICA.
(4) OCTOBER 1988 - SEPTEMBER 1989
(5) 358TH CA BDE PERFORMED PROJECT OVERSIGHT/SUPERVISION WITH 7 PERSONNEL THROUGHOUT THIS FISCAL PERIOD.
(6) \$30,000 ALLOCATED FOR CONSUMABLES
(7) IMPROVED FAMILIARIZATION OF UNIT WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN THE CARIBBEAN AND IMPROVED SOCIAL AND ECONOMIC WELFARE OF THE LOCAL DOMINICAN PEOPLE.

F. PROJECT 6

(1) GRENADA
(2) GRENADVILLE CHANNEL MARKERS, GRENADVILLE HARBOR
(3) INSTALLATION OF LIGHTS ON FOUR EXISTING CHANNEL MARKERS AND ADDITION OF FOUR NEW MARKERS. PROJECT COMPLETED.
(4) 10 JUNE 89 TO 20 JULY 89
(5) 358TH CA BDE AND 416TH CA CD PROVIDED OVERSIGHT/SUPERVISION WITH 12 PERSONNEL THROUGHOUT THE PROJECT.

BY

UNCLAS

SECTION 02 OF 05

SUBJ: FY89 CONGRESSIONAL REPORTING REQUIREMENT FOR HUMANITARIAN AND CONSTRUCTION PERIOD

(6) \$7,000 ALLOCATED FOR CONSUMABLES
(7) MARKERS INCREASED MARITIME SAFETY BY PROVIDING NAVIGATIONAL AIDS TO SHIPS WITHIN THE CHANNEL. MARKERS REQUIRED FOR TRADEWINDS 89 EXERCISE.

G. PROJECT 7

(1) GRENADA
(2) HILLSBOROUGH FISH MARKET, CARRIACOU
(3) CONSTRUCTION OF A NEW MARKET BUILDING TO REPLACE THE EXISTING STRUCTURE. PROJECT COMPLETED.
(4) 17 AUGUST 89 TO 31 OCTOBER 1989
(5) 358TH CA BDE AND 416TH CA CD PROVIDED OVERSIGHT/SUPERVISION WITH 20 PERSONNEL THROUGHOUT THE PROJECT CONSTRUCTION PERIOD.

(6) \$4,000 ALLOCATED FOR CONSUMABLES
(7) IMPROVED FAMILIARIZATION WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND FACILITATED THE MARKETING OF FISHERY GOODS WITHIN THE LOCAL COMMUNITY.

H. PROJECT 8

(1) GRENADA
(2) FIR PAVILION, ST. PATRICK
(3) CONSTRUCTION OF A SPORTS PAVILION FOR YOUTHS IN RURAL COMMUNITY

MCM=90010/01160 TOR=90010/0406Z TAD=90010/0950Z CDSN=MAU213

UNCLASSIFIED

PAGE 1 OF 4
091924Z JAN 90
05 SECT MSG

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

(4) STARTED 27 JULY. PROJECT NOT COMPLETED BECAUSE OF CONSTRUCTION PROBLEMS ENCOUNTERED WITH HIGH WATER TABLE.
(5) 358TH CA BDE AND 416TH CA CO PROVIDED OVERSIGHT/SUPERVISION WITH 20 PERSONNEL FROM JULY 1989 THROUGH OCTOBER 1989.

(6) \$9,870 ALLOCATED FOR CONSUMABLES.
(7) IMPROVED FAMILIARIZATION WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND WILL PROVIDE SUPERVISED RECREATIONAL ACTIVITY FOR LOCAL YOUTHS.

I. PROJECT 9

(1) GRENADA
(2) PETITE MARTINIQUE COMMUNITY CENTER, PETITE MARTINIQUE
(3) CONSTRUCTION OF A BUILDING TO PROVIDE A COMMUNITY CENTER/TRAINING FACILITY. PROJECT COMPLETED.

(4) 7 JULY THROUGH 29 OCTOBER 1989
(5) 358TH CA BDE AND 416 CA CO PROVIDED OVERSIGHT/SUPERVISION WITH 20 PERSONNEL FROM 7 JULY THROUGH OCTOBER 1989.

(6) \$10,845 ALLOCATED FOR CONSUMABLES.
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND PROVIDED THE LOCAL COMMUNITY WITH A JOB TRAINING FACILITY.

J. PROJECT 10

(1) GRENADA
(2) VENDOR COMMUNITY CENTER, ST. GEORGES
(3) CONSTRUCTION OF A COMMUNITY CENTER BUILDING. PROJECT COMPLETED.

(4) 17 APRIL THROUGH 12 NOVEMBER 1989
(5) 358TH CA BDE AND 416TH CA CO PROVIDED OVERSIGHT/SUPERVISION WITH 20 PERSONNEL FROM 7 JULY THROUGH OCTOBER 1989.

(6) \$10,896 ALLOCATED FOR CONSUMABLES.
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND PROVIDED THE LOCAL COMMUNITY WITH A FACILITY FOR SOCIAL AND EDUCATIONAL PROGRAMS.

K. PROJECT 11

(1) GRENADA
(2) CONCORD HANDBALL COURT, ST. JOHNS
(3) CONSTRUCTION OF A HANDBALL COURT FOR PHYSICAL EDUCATION. PROJECT IS ONLY 25% COMPLETE. CONCRETE SLAB WAS POURED IN FY 90.

(4) PROJECT STARTED 15 OCTOBER 1989
(5) 358TH CA BDE AND 416TH CA CO PROVIDED OVERSIGHT/SUPERVISION WITH 20 PERSONNEL FROM JULY THROUGH OCTOBER 1989.

(6) \$10,896 ALLOCATED FOR CONSUMABLES.
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND WILL PROVIDE A SUPERVISED RECREATIONAL CENTER FOR LOCAL YOUTHS.

L. PROJECT 12

(1) GRENADA
(2) LACABACAY WATER IMPROVEMENT PROJECT, ST. ANDREWS
(3) INSTALLATION OF PIPING TO PROVIDE WATER SUPPLY TO RESIDENTS IN RURAL COMMUNITY. PROJECT IS 98% COMPLETE; 5 SECTIONS OF PIPING REQUIRE LAYING.

(4) PROJECT STARTED 25 APRIL 1989
(5) 358TH CA BDE AND 416TH CA CO PROVIDED OVERSIGHT/SUPERVISION WITH 20 PERSONNEL FROM APRIL THROUGH OCTOBER 1989.

(6) \$9,878 ALLOCATED FOR CONSUMABLES.
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND IMPROVE HEALTH CONDITIONS FOR LOCAL COMMUNITY.

M. PROJECT 13

(1) GRENADA
(2) LABOIR DEVELOPMENT COMMUNITY CENTER, ST. GEORGES
(3) CONSTRUCTION OF A SPORTS PAVILION. PROJECT IS 98% COMPLETE. THREE CONCRETE BENCHES REQUIRE FINISHING.

(4) PROJECT STARTED 17 APRIL 1989
(5) 358TH CA BDE AND 416TH CA CO PROVIDED OVERSIGHT/SUPERVISION WITH 20 PERSONNEL FROM APRIL THROUGH OCTOBER 1989.

(6) \$5,091 ALLOCATED FOR CONSUMABLES.
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND WILL PROVIDE A SUPERVISED RECREATIONAL CENTER FOR LOCAL YOUTHS.

N. PROJECT 14

(1) JAMAICA
(2) SILENT HILL BASIC SCHOOL, MANDEVILLE, MANCHESTER PARISH
(3) CONSTRUCTION OF NEW BASIC SCHOOL AFTER DAMAGE BY HURRICANE GILBERT. PROJECT 70% COMPLETE.

(4) OCTOBER 1988 TO SEPTEMBER 1989
(5) 358TH CA BDE PROVIDED OVERSIGHT/SUPERVISION THROUGHOUT THE FISCAL YEAR.

(6) \$15,000 SPENT IN FY 89
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND INCREASED EDUCATIONAL OPPORTUNITIES OF THE LOCAL COMMUNITY.

O. PROJECT 15

(1) JAMAICA

BT

UNCLAS

SECTION 03 OF 05
SUBJ: FY89 CONGRESSIONAL REPORTING REQUIREMENT FOR HUMANITARIAN AND

(2) NEW ROAD BASIC SCHOOL, SAVANNAH-LA-MAR, WESTMORELAND PARISH
(3) REPAIRS TO BASIC SCHOOL AFTER DAMAGE BY HURRICANE GILBERT. PROJECT HAS NOT BEEN STARTED.

P. PROJECT 16

(1) JAMAICA
(2) ALPHA BOY'S SCHOOL, KINGSTON
(3) REPAIRS TO BASIC SCHOOL AFTER DAMAGE BY HURRICANE GILBERT. PROJECT IS 98% COMPLETE. MINOR INTERIOR TOUCH-UP IS REQUIRED.

(4) OCTOBER 1988 TO SEPTEMBER 1989
(5) 358TH CA BDE PROVIDED OVERSIGHT/SUPERVISION THROUGHOUT THE FISCAL YEAR.

(6) \$5388 EXPENDED ON CONSUMABLES OUT OF AN ALLOCATED FUND OF \$8000.

(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN AND INCREASED THE EDUCATIONAL OPPORTUNITIES OF THE LOCAL COMMUNITY.

Q. PROJECT 17

(1) JAMAICA
(2) ST. ANDREWS CHILDREN'S HOME, KINGSTON
(3) CONSTRUCTION OF A NEW VOCATIONAL-TECH WING TO A CHILDREN'S HOME. PROJECT COMPLETED 7 DEC 89.

(4) OCTOBER 1988 TO JULY 1989
(5) 358TH CA BDE PROVIDED OVERSIGHT/SUPERVISION THROUGHOUT THE FISCAL YEAR.

(6) \$12,810 SPENT ON BUILDING MATERIALS.
(7) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN. PROVIDE ECONOMIC AND SOCIAL RELIEF IN AFTERMATH OF HURRICANE GILBERT.

R. PROJECT 18

(1) ST. KITTS-NEVIS
(2) GINGERLAND HIGH SCHOOL, NEVIS
(3) RENOVATIONS TO EXISTING STRUCTURE (ROOF, WINDOWS, FLOORS, AND DOORS). PROJECT 85% COMPLETE.

(4) APRIL TO SEPTEMBER 1989
(5) 358TH CA BDE PROVIDED OVERSIGHT/SUPERVISION WITH THREE PERSONNEL THROUGHOUT THE FISCAL YEAR.

(6) \$9854 ALLOCATED FOR CONSUMABLES.
(7) INCREASED FAMILIARIZATION BY UNIT PERSONNEL OF WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN CARIBBEAN. IMPROVED ECONOMIC AND SOCIAL STATUS OF LOCAL COMMUNITY.

S. PROJECT 19

(1) ST. LUCIA
(2) SENIOR CITIZENS HOME, SOUFRIERE
(3) CONSTRUCTION OF A TWO STORY WOMEN QUARTERS. PROJECT COMPLETED.

(4) APRIL TO AUGUST 1989
(5) 358TH CA BDE PROVIDED OVERSIGHT/SUPERVISION WITH FOUR PERSONNEL THROUGHOUT THE FISCAL YEAR.

(6) \$70,000 ALLOCATED FOR PROJECT.
(7) INCREASED FAMILIARIZATION BY UNIT PERSONNEL OF WARTIME AREA OF OPERATION. INCREASED U.S. PRESENCE IN THE CARIBBEAN AND IMPROVED THE SOCIAL WELFARE OF THE LOCAL CITIZENS.

T. PROJECT 20

(1) ST. VINCENT AND THE GRENADINES
(2) SHIP WRECK REMOVAL, KINGSTOWN HARBOR

MCN=90010/01160 TOR=90010/0406Z TAD=90010/0950Z CDSN=MAU213

UNCLASSIFIED

PAGE 2 OF 4
091924Z JAN 90
05 SECT MSG

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

(1) REMOVAL OF A GROUNDLESS VESSEL FROM THE FORESHORE AREA OF THE HARBOR. PROJECT COMPLETED
(4) 15 THROUGH 18 JULY 1989
(5) USS GRAPPLE ACCOMPLISHED SHIP REMOVAL AND TURNOVER TO ST VINCENT COAST GUARD
(6) \$10,200 ALLOCATED
(7) PROVIDED TRAINING IN SHIPWRECK REMOVAL INCREASED U.S. PRESENCE IN CARIBBEAN AND PROVIDED ASSISTANCE AND TRAINING TO LOCAL DEFENSE FORCES IN COASTAL OPERATIONS
(8) ADDITIONAL FUNDS FOR RESIDUAL FY 89 NICA PROJECTS WERE PROVIDED TO USLANTCOM IN FY 89. THE STATUS OF THESE PROJECTS ARE

A. PROJECT 1

(1) ANTIGUA
(2) FIENNE INSTITUTE, ST. JAMES
(3) RENOVATIONS AND REPAIRS TO DORMITORY FACILITIES AND CONSTRUCTION OF TOILET FACILITIES AT A HOME FOR SENIOR CITIZENS
(4) DAMAGE WAS DONE TO THIS FACILITY DURING HURRICANE HUGO
(5) PROJECT NOT STARTED
(6) AWAITING RESPONSE FROM FORSCOM ON TASKING REQUEST FOR UNIT TO COMPLETE THIS PROJECT. ORIGINAL MESSAGE SENT OUT ON SEPTEMBER 89
(7) \$50,000 ALLOCATED FOR THIS PROJECT. A VALID CONTRACT FOR MATERIALS WAS SIGNED IN SEPTEMBER 89

B. PROJECT 2

(1) JAMAICA
(2) DUANEY PARK SCHOOL, KINGSTON
(3) REPAIRS TO BASIC SCHOOL DAMAGED DURING HURRICANE GILBERT
(4) PROJECT NOT COMPLETED
(5) 358TH CA BDE PROVIDED OVERSIGHT/SUPERVISION THROUGHOUT THE FISCAL YEAR
(6) \$ 4,833 SPENT ON CONSUMABLES
(7) PROVIDED FAMILIARIZATION FOR UNIT PERSONNEL WITH WARTIME AREA OF OPERATION INCREASED U.S. PRESENCE IN CARIBBEAN IMPROVED EDUCATIONAL OPPORTUNITIES FOR LOCAL COMMUNITY

C. PROJECT 3

(1) JAMAICA
(2) JACKSON TOWN BASIC SCHOOL, JACKSON TOWN
(3) CONSTRUCT NEW SCHOOL BUILDING
(4) PROJECT NOT STARTED IN FY 89. WORK WILL OCCUR DURING 13 JANUARY TO 10 FEBRUARY ROTATIONAL DEPLOYMENT BY THE NATIONAL GUARD
(5) CO A, 120TH ENGR BN, DK, 75 PAX
(6) \$15,000 CONTRACT WAS SIGNED WITH JAMAICAN DEFENSE FORCE FOR DELIVERY OF MATERIALS DURING TROOP DEPLOYMENT
(7) N/A

D. PROJECT 4

(1) JAMAICA
(2) BRAMPTON BASIC SCHOOL, BRAMPTON
(3) REPAIR TO ROOF AND WINDOWS OF SCHOOL BUILDING DAMAGED BY HURRICANE GILBERT
(4) PROJECT NOT STARTED IN FY 89. WORK WILL OCCUR DURING 13 JANUARY TO 10 FEBRUARY ROTATIONAL DEPLOYMENT BY THE NATIONAL GUARD
(5) CO A, 120TH ENGR BN, DK, 75 PAX

BT

UNCLAS

SECTION 04 OF 05

SUBJ: FY89 CONGRESSIONAL REPORTING REQUIREMENT FOR HUMANITARIAN AND
(6) \$4,000 CONTRACT WAS SIGNED WITH JAMAICAN DEFENSE FORCE FOR DELIVERY OF MATERIALS DURING TROOP DEPLOYMENT
(7) N/A

E. PROJECT 5

(1) JAMAICA
(2) BIDDEFORD BASIC SCHOOL, BIDDEFORD
(3) REPAIR TO ROOF AND TOILETS; CONNECT ELECTRICITY TO THE FACILITY
(4) PROJECT NOT STARTED IN FY 89. WORK WILL OCCUR DURING 13 JANUARY TO 10 FEBRUARY ROTATIONAL DEPLOYMENT BY THE NATIONAL GUARD
(5) CO A, 120TH ENGR BN, DK, 75 PAX
(6) \$5,000 CONTRACT WAS SIGNED WITH JAMAICAN DEFENSE FORCE FOR DELIVERY OF MATERIALS DURING TROOP DEPLOYMENT
(7) N/A

F. PROJECT 6

(1) JAMAICA
(2) STEWART TOWN BASIC SCHOOL, STEWART TOWN
(3) INSTALLATION OF LIGHTING AND WINDOWS CONSTRUCTION OF WATER STORAGE TANK

(4) PROJECT NOT STARTED IN FY 89. WORK WILL OCCUR DURING 13 JANUARY TO 10 FEBRUARY ROTATIONAL DEPLOYMENT BY THE NATIONAL GUARD
(5) CO A, 120TH ENGR BN, DK, 75 PAX
(6) \$3,000 CONTRACT WAS SIGNED WITH JAMAICAN DEFENSE FORCE FOR DELIVERY OF MATERIALS DURING TROOP DEPLOYMENT
(7) N/A

G. PROJECT 7

(1) JAMAICA
(2) MALDON BASIC SCHOOL, MALDON
(3) REPAIR OF ROOF, INSTALLATION OF WATER SUPPLY LINE
(4) PROJECT NOT STARTED IN FY 89. WORK WILL OCCUR DURING 15 MAY TO 2 JUNE ROTATIONAL DEPLOYMENT BY THE NATIONAL GUARD
(5) CO C, 120TH ENGR BN, DK, 75 PAX
(6) \$13,000 CONTRACT WAS SIGNED WITH JAMAICAN DEFENSE FORCE FOR DELIVERY OF MATERIALS DURING TROOP DEPLOYMENT
(7) N/A

H. PROJECT 8

(1) JAMAICA
(2) GREEN ISLAND BASIC SCHOOL, GREEN ISLAND
(3) MAJOR REPAIRS TO ROOF OF BASIC SCHOOL
(4) PROJECT NOT STARTED IN FY 89. WORK WILL OCCUR DURING THE JANUARY TO MARCH ROTATIONAL DEPLOYMENT BY THE AIR NATIONAL GUARD
(5) 203 RHCF, VA ANG, 26 PAX
(6) \$12,000 CONTRACT WAS SIGNED WITH JAMAICAN DEFENSE FORCE FOR DELIVERY OF MATERIALS DURING TROOP DEPLOYMENT
(7) N/A

I. PROJECT 9

(1) JAMAICA
(2) SILENT HILL COMMUNITY CENTER, SILENT HILL VILLAGE
(3) CONSTRUCTION OF A COMMUNITY CENTER FACILITY
(4) PROJECT NOT STARTED IN FY 89. WORK WILL OCCUR DURING 10 FEBRUARY TO 7 APRIL ROTATIONAL DEPLOYMENT BY THE NATIONAL GUARD
(5) 141ST ENGR BN, NO. 142ND ENGR BN, NO. CO C, 142ND ENGR BN, AND 164TH ENGR BN, NO. 75 PAX FOR FOUR SEPARATE DEPLOYMENTS
(6) \$15,000 CONTRACT WAS SIGNED WITH JAMAICAN DEFENSE FORCE FOR DELIVERY OF MATERIALS DURING TROOP DEPLOYMENT
(7) N/A

J. PROJECT 10

(1) ST. LUCIA
(2) GROS INLET HEALTH CENTER, GROS INLET
(3) REPAIRS TO EXISTING HEALTH FACILITY
(4) PROJECT NOT STARTED IN FY 89. DEFERRED TO OUT YEARS
(5) AWAITING RESPONSE FROM FORSCOM ON REQUEST SUBMITTED IN SEPTEMBER 89 FOR TROOP DEPLOYMENT AVAILABILITY
(6) \$4,000 ALLOCATED; UNABLE TO COMMIT MONEY PRIOR TO END OF FISCAL YEAR
(7) N/A

K. PROJECT 11

(1) ST. LUCIA
(2) SORFRIERE
(3) CONSTRUCT OFFICE AND PLAYROOM FOR SPORTS PAVILION
(4) PROJECT NOT STARTED IN FY 89. DEFERRED TO OUT YEARS
(5) AWAITING RESPONSE FROM FORSCOM ON REQUEST SUBMITTED IN SEPTEMBER 89 FOR TROOP DEPLOYMENT AVAILABILITY
(6) \$3,000 ALLOCATED; UNABLE TO COMMIT MONEY PRIOR TO END OF FISCAL YEAR
(7) N/A

L. PROJECT 12

(1) ANTIGUA-BARBUDA
(2) ST. JAMES
(3) CONSTRUCT BUS SHELTERS IN ST. JAMES
(4) PROJECT NOT STARTED IN FY 89
(5) AWAITING RESPONSE FROM FORSCOM ON REQUEST SUBMITTED IN SEPTEMBER 89 FOR TROOP DEPLOYMENT AVAILABILITY
(6) \$3,000 ALLOCATED. FUNDS COMMITTED BY CONTRACT FOR USE IN FY 90.
(7) N/A

4. THE FOLLOWING PROJECTS, STARTED IN FY 88, WERE COMPLETED IN FY 89/FY90:

A. PROJECT 1

(1) GRENADA
(2) VICTORIA COMMUNITY/VOCATIONAL TRAINING CENTER, ST. MARKS PARISH
(3) CONSTRUCT A NEW BUILDING TO SERVE AS A TRAINING FACILITY
(4) COMPLETED 15 OCTOBER 1989
(5) 358TH CA BDE AND 416TH CA CO PROVIDED

MCN=90010/01160

TOR=90010/04062

TAD=90010/0950Z

CDSN=MAU213

UNCLASSIFIED

PAGE 3 OF 4
091924Z JAN 90
05 SECT MSG

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

OVERSIGHT/SUPERVISION FOR THE PROJECT FROM MAY 1988 THROUGH OCTOBER 1988 WITH 20 PERSONNEL.

(16) \$5 500 WAS SPENT ON CONSUMABLE MATERIALS.

(17) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME

AREA OF OPERATION. INCREASED U.S. PRESENCE IN THE CARIBBEAN AND IMPROVED THE ECONOMIC WELFARE OF LOCAL CITIZENS OF GRENADA.

B. PROJECT 2:

(1) GRENADA

(2) PARACLETE GOVERNMENT SCHOOL, ST. ANDREWS PARISH

(3) CONSTRUCT 150 CHAIRS AND 75 BENCHES FOR SEATING IN THE

SCHOOL BUILDING.

(4) COMPLETED 30 SEPTEMBER 1988

(5) 258TH CA BDE AND 416TH CA CD PROVIDED

OVERSIGHT/SUPERVISION FOR THE PROJECT FROM JUNE 1988 THROUGH OCTOBER 1988 WITH 20 PERSONNEL.

(16) \$2 700 WAS SPENT ON CONSUMABLE MATERIALS.

(17) IMPROVED FAMILIARIZATION OF UNIT PERSONNEL WITH WARTIME

BT

UNCLAS

FINAL SECTION OF OS

SUBJ: FY89 CONGRESSIONAL REPORTING REQUIREMENT FOR HUMANITARIAN AND

AREA OF OPERATION. INCREASED U.S. PRESENCE IN THE CARIBBEAN AND

IMPROVED THE EDUCATIONAL WELFARE OF LOCAL CITIZENS OF GRENADA.

7. POC IS LTCOL ROSA 2534 AV504-B904. OR COMM (804) 444-8904

BT

MCN=90010/01160

TOR=90010/0406Z

YAD=90010/0950Z

CDSN=MAU213

PAGE 4 OF 4
OS 924Z JAN 90
OS SECT MSG

UNCLASSIFIED

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

Ced

PRIORITY 3700 HONGKONG 3482247

P 122250Z DEC 89 278

FM USCINCPAC HONOLULU HI 10311

TO SECDEF WASHINGTON DC//USDP (ISA-HUMANITARIAN)

INFO JOINT STAFF WASHINGTON DC//J5/J52/J53

CINCPACFLT PEARL HARBOR HI//MCS/J5

CINCPACFLT HICKAM AFB HI//RPM/J5

COMWESTCOM FT SHAFTER HI//AFOP/IN/

USCINCPAC REP PHILIPPINES SUBIC BAY RP//NA/

USCINCPAC LO WASHINGTON DC

UNCLAS //NO4000//

SECTION 01 OF 04

MSGID/SYS RRM/USCINCPAC J0111

AMPM/5001 FY89 FOURTH QUARTER TITLE TO HUMANITARIAN/CIVIC

ASSISTANCE (H/CA) AFTER ACTION REPORT//

RMCS/J5 THIS MESSAGE IS USCINCPAC FOURTH QUARTER FY89 TITLE TO H/CA AFTER ACTION REPORT

2 MARSHALL ISLANDS MEDICAL CIVIC ACTION PROJECT (MEDCAP)

A RECIPIENT COUNTRY REPUBLIC OF THE MARSHALL ISLANDS (RMI)

B DESCRIPTION/LOCATION OF PROJECT TASK FORCE 390 FROM THE

INDIANA NATIONAL GUARD CONDUCTED ANNUAL TRAINING IN THE RMI ON EBENE

ISLAND. THEY PROVIDED MEDICAL CARE TO LOCAL POPULATION

C DATES OF PROJECT 24 JUL - 11 AUG 89

D TYPE/SIZE OF UNIT U.S. ARMY MEDICAL DETACHMENT THIS UNIT

IS A 21 MEMBER DISPENSARY THAT PROVIDES MEDICAL CARE SIMILAR TO A

TROOP MEDICAL CLINIC. UNIT DEPLOYED WITH 25 PERSONNEL INCLUDING

DENTISTS NORMALLY NOT PART OF THE UNIT

E U.S. DOLLAR COST OF CONSUMABLES \$7,500

F OBJECTIVES ACHIEVED

(1) PROVIDED MEDICAL SUPPORT TO CIVILIAN RESIDENTS OF EBENE

ISLAND. RMI THROUGH PARTNERSHIP WITH THEIR EXISTING CARE SYSTEM

(2) IMPROVED INDIVIDUAL MEDICAL SKILLS THROUGH HANDS-ON

MEDICAL CARE TO THE CIVILIAN POPULATION

(3) CONDUCTED UNIT DEPLOYMENT AND TRAINING IN AN UNFAMILIAR

AND HARSHLY DIFFERENT MEDICAL ENVIRONMENT

(4) GAINED EXPERTISE IN EVALUATION AND FOLLOW-UP OF

COMMUNICABLE DISEASES AND PREVENTION OF HEALTH PROBLEMS OF A

DEVELOPING NATION

3 TUNALU WATER CATCHMENT PROJECT

A RECIPIENT COUNTRY TUNALU

B DESCRIPTION/LOCATION OF PROJECT THE PROJECT WAS TO COMPLETE

INSTALLMENT OF WATER CATCHMENT BASINS INITIATED DURING A PREVIOUS

DEPLOYMENT EXERCISE IN FEBRUARY

C DATES OF PROJECT 10-17 MAY 89

D TYPE/SIZE OF UNIT BATH ENGINEER BATTALION'S REG

E U.S. DOLLAR COST \$4,200

F OBJECTIVES ACHIEVED THE U.S. GOVERNMENT AND U.S. ARMY

CREATED GOODWILL WITH GOVERNMENT OF TUNALU AND RECEIVED EXCELLENT

TRAINING UNDER AUSTRERE CONDITIONS

4 BALIKATAN 89 MEDCAPS \$45,000 WAS OBLIGATED FOR THIS PROGRAM IN

FY89 TO ENSURE LONG LEAD-TIME ITEMS COULD BE RECEIVED BEFORE 4

DECEMBER START. ALL SUPPLIES ARE ON-HAND. BUT THIS PROJECT WILL NOT

BE DONE SINCE BALIKATAN 89 WAS CANCELLED. SUPPLIES HAVE BEEN

SEGREGATED AND A NEW PROJECT REQUEST WILL BE SUBMITTED FOR APPROVAL

5 KIRIBATI CONSTRUCTION PROJECT

A RECIPIENT COUNTRY REPUBLIC OF KIRIBATI

B DESCRIPTION/LOCATION OF PROJECT

(1) ALL PROJECTS WERE CONDUCTED ON CHRISTMAS ISLAND

(2) MEDICAL CLINIC 2 ROOMS (10' X 22') TOWN OF POLAND

(3) HOSPITAL FACILITY 20 ROOMS (26' X 83') TOWN OF LONDON

(4) PRIMARY SCHOOL 4 CLASSROOMS (24' X 113') TOWN OF LONDON

(5) AIRPORT RUNWAY RENOVATION REPAIR RUNWAY MARKERS -

DEFOILATE RUNWAY (7500' RUNWAY), CHRISTMAS ISLAND INTERNATIONAL

AIRPORT

C DATES OF PROJECT 10 JUL - 18 AUG 89

D TYPE/SIZE OF UNIT TWO 50-MAN COMPANY DEPLOYMENTS FROM THE

BATH ENGINEER BATTALION (COMBAT) (HEAVY) USAR, FROM KNOXVILLE, TN

E U.S. DOLLAR COST \$85,000

USCINCPACLO INFO

1

ACTION USDP-FILE(1) USDP ISA(1) (RM)

INFO JCRC(7) JCS(1) MIDS(1) J7(6) J5(2) QUAL CONTROL(1)

USCINCSO LO(1) J5-HEAF-3(1) SECDEF-H(1) USDP OSAA(4)

USDP FMRA(1) USDP LOS(1) USDP LSC(1) USDP HUMAN(1)

F OBJECTIVES ACHIEVED EXERCISE DIRECTLY SUPPORTED USCINCPAC'S PEACETIME STRATEGY BY PROVIDING EVIDENCE OF U.S. WILLINGNESS TO ASSIST DEVELOPING COUNTRIES IN THE PACIFIC. THE GOODWILL GENERATED BETWEEN RECIPIENTS OF PROJECTS ON CHRISTMAS ISLAND, KIRIBATI, AND CONSTRUCTION TEAMS FROM THE BATH ENGINEER BATTALION WILL REMAIN FOR MANY YEARS. THESE PROJECTS PROVIDED CRISIS MANAGEMENT MOBILIZATION DEPLOYMENT TRAINING FOR THE BATH ENGINEER BATTALION UNDER AUSTRERE CONDITIONS IN A REMOTE LOCATION. PROJECT PROVIDED TRAINING IN STAFF PLANNING, TECHNICAL CONSTRUCTION SKILLS, AND WARTIME MISSION.

6 MADAGASCAR ENGINEERING EXERCISE

A RECIPIENT COUNTRY MADAGASCAR

B DESCRIPTION/LOCATION OF PROJECT COMBINED U.S. ARMY AND

MALAGASY ARMY ENGINEERING EXERCISE INVOLVING CONSTRUCTION OF A SAN

ROAD IN EASTERN MADAGASCAR. POOR IN-COUNTRY INFRASTRUCTURE AND

TRANSPORTATION CAPABILITIES PREVENTED DELIVERY OF ABOUT \$20,000 WORTH

OF MATERIALS NEEDED TO FINISH PROJECT WHILE U.S. ARMY TROOPS WERE

IN-COUNTRY. WHILE THE BASIC INFRASTRUCTURE FOR THE ENTIRE SAN WAS

COMPLETED, ONLY 7 SAN'S OF ROAD WERE COMPLETED IN ENTIRETY. THESE

UNEXPENDED FUNDS COULD NOT BE SPENT ON OTHER TITLE 10 PROJECTS

BECAUSE THEY WERE RETURNED TO USCINCPAC TOO LATE IN THE FISCAL YEAR

C DATES OF PROJECT 3 AUG - 24 SEP 89

D TYPE/SIZE OF UNIT U.S. ARMY PERSONNEL WERE FROM THE BATH

ENGINEER BATTALION (COMBAT) (HEAVY), SCHOFIELD BARRACKS, HI

E U.S. DOLLAR COST \$18,800

F OBJECTIVES ACHIEVED THIS PROJECT ENHANCED RELATIONS BETWEEN

THE U.S. AND MADAGASCAR. IT GREATLY AUGMENTED EXISTING U.S. AID AND

MILITARY/CIVIC ACTION PROGRAM THEMES. THE PROJECT WAS WELL

PUBLICIZED THROUGHOUT THE COUNTRY. U.S. ARMY TROOPS RECEIVED

VALUABLE TRAINING UNDER AUSTRERE CONDITIONS

7 H/CA PROJECTS ICW THAILAND BY

A RECIPIENT COUNTRY THAILAND

B DESCRIPTION/LOCATION OF PROJECTS H/CA PROJECTS FOR EXERCISE

THAILAND 89 CONSISTED OF TWO TYPES: ENGINEERING AND MEDICAL/

DENTAL. BREAKDOWN FOLLOWS

(1) ENGINEERING PROJECTS

(A) ROAD IMPROVEMENT-BAN CHAN KLEN, CHANTHABURI PROVINCE

(B) SCHOOL RENOVATION-WAT CHANG CHON, TADON

(C) WELL DRILLING AND WATER TOWER-BAN ELAI, BAYONG

PROVINCE

(2) MEDICAL/DENTAL PROJECTS CONDUCTED AT BAN SON BONG, BAN

CON, BAN YAI CHAN, BAN HAUNG HIN, BAN SABANA LEBS AND BAN HANG (AO

CHA-ONE)

C DATES OF PROJECTS ENGINEERING PROJECTS WERE CONDUCTED DURING

THAILAND 89 EXERCISE DATES. MEDICAL/DENTAL PROJECTS WERE CONDUCTED

26-31 AUG 89

D TYPE/SIZE OF UNIT ALL PROJECTS WERE CONDUCTED BY 7TH MED

USMC PERSONNEL ASSISTED BY ROYAL THAI MARINE CORPS CONTINGENT

E U.S. DOLLAR COST

(1) \$14,214 - MEDCAP/DEMCAP

(2) \$ 4,145 - ROAD IMPROVEMENT

(3) \$ 5,905 - SCHOOL RENOVATION

(4) \$ 8,484 - WELL DRILLING

BT

UNCLAS //NO4000//

SECTION 02 OF 04

(5) \$ 5,942 - WATER TOWER

(6) \$38,370 - TOTAL EXPENDED

F OBJECTIVES ACHIEVED THESE PROJECTS PROVIDED EXCELLENT

TRAINING FOR U.S. FORCES, POSITIVE PUBLIC AWARENESS OF U.S. MILITARY

CONTRIBUTIONS TO THAI COMMUNITIES, AND STRONGER WORKING RELATIONSHIPS

BETWEEN THAI AND U.S. FORCES. DIRECT BENEFITS TO THE THAI INCLUDED

TREATMENT OF 3279 MEDICAL AND 840 DENTAL PATIENTS. LONG-LASTING

BENEFITS FROM THE WATER WELL, SCHOOL, AND ROAD WILL SERVE U.S.

INTERESTS FOR YEARS TO COME.

8 H/CA PROJECTS ICW COBIA GOLD 89

A RECIPIENT COUNTRY THAILAND

B DESCRIPTION/LOCATION OF PROJECTS H/CA PROJECTS FOR COBIA

GOLD 89 CONSISTED OF TWO TYPES: WATER DISTRIBUTION SYSTEMS AND

MEDICAL PROJECTS

(1) WATER PROJECTS

(A) BAN BONG SUE - DEEP WELL, WATER STORAGE

(B) BAN SON PHON - DEEP WELL

(C) BAN SUP SON BOON - WATER STORAGE SYSTEM

(D) BAN HAI PAI KLONG PLAMP - SHALLOW WELL AND STORAGE

(E) BAN WANG TAIHONG - SHALLOW WELL

(F) BAN KAO POON - SHALLOW WELL

MCN=89346/09422 TOR=89346/22592 TAD=89346/23032 CDSN=MAU569

UNCLASSIFIED

PAGE 1 OF 2
122250Z DEC 89
04 SECT MSG

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

12) MOBILE MEDICAL TEAM: MILITARY MEDCAPS AT BAN PONG, PANIG, PAN LAI, LAYON, BAN CHALAT, BAN NANG, BAN NANG, LUK, PAN TALIG, BAN, BAN NAI, PAN ELONG, RUAN, BAN HUAY ERN, BAN BONG, SAN, BAN NANG, TAK, AND BAN NANG, BAN DIP. SPECIAL FORCES PERSONNEL CONDUCTED LOCAL MEDCAPS AT NAE PIN AND SANGONG, AND DEPLOYED A HOSPITAL TO BANG PANG, A BAN MAE PHU, AND BAN PUNG, PON.

C. DATES OF PROJECTS: WATER ENGINEER PROJECTS WERE CONSTRUCTED DURING COBRA GOLD EXERCISE DATES (27 MAY - 31 JUN 89). MEDICAL PROJECTS WERE CONDUCTED AT VARIOUS LOCATIONS FROM 3-21 JUN 89.
D. TYPE/SIZE OF UNITS: EIGHT PERSONNEL FROM THE 351ST CIVIL AFFAIRS COMMAND PARTICIPATED IN WATER ENGINEERING PROJECTS. MILITARY MEDCAPS WERE SUPPORTED BY SEVEN MEDICAL PERSONNEL FROM THE 351ST CIVIL AFFAIRS COMMAND. SPECIAL FORCES MEDCAPS AND HOSPITAL WERE SUPPORTED BY 3RD BN 1ST SPECIAL FORCES GROUP FROM FT LEWIS, WA.
E. U.S. DOLLAR COST: \$75,197.

F. OBJECTIVES ACHIEVED: ABOVE PROJECTS PROVIDED DIRECT BENEFITS TO THE THAI BY TREATING OVER 14,000 PATIENTS AND BUILDING WATER DISTRIBUTION SYSTEMS THAT WILL CONTINUE TO PROVIDE LASTING SERVICE. DEDICATION OF THE BAN BONG SUB WELL BY THE U.S. AMBASSADOR AND CIRCUMSTANTIAL UNDERSCORED STRONG WORKING RELATIONSHIP BETWEEN THAILAND AND THE USA. USPH SIGNIFICANT CREDIT GIVEN TO THE U.S. MILITARY. THESE PROJECTS PROVIDED EXCELLENT TRAINING FOR U.S. MILITARY PERSONNEL AND SUPPORTED THAT GOVERNMENT PROGRAMS TO ASSIST RURAL VILLAGERS.

9. COPE THUNDER CONSTRUCTION PROJECTS

A. RECIPIENT COUNTRY: PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECTS: THIS PROGRAM PROVIDES CONSTRUCTION MATERIALS TO REPAIR SCHOOLS AFFECTED BY OVERFLIGHTS OF COPE THUNDER AIRCRAFT. PROJECTS THIS REPORTING PERIOD FOLLOW:
C. LOCATION DATE UNIT SIZE COST
BAGU, PANGULAN ELEM SCHOOL 24AUG89 37FWICA NA \$ 932
PORAC, PAMPANGA
MALABANTAS ELEM SCHOOL 30SEP89 37FWICA NA \$ 1458
ANGLES CITY TOTAL \$ 2370

ADDITIONAL PROJECTS ARE PLANNED FOR REMAINING \$3,616 ALLOCATED TO THIS PROGRAM.

C. DATES OF PROJECTS: ABOVE
D. TYPE/SIZE OF UNITS: PROJECTS COMPLETED BY PERSONNEL FROM THE 37FWICA AT CLARK AB.
E. U.S. DOLLAR COST: \$ 9,986
F. OBJECTIVES ACHIEVED: MILITARY CIVIC ACTIONS STRENGTHEN RELATIONS BETWEEN U.S. AND FILIPINO COMMUNITIES. PROGRAMS ENHANCED ABILITY OF SENIOR LEADERSHIP AT CLARK TO CONDUCT AFFAIRS WITH LOCAL OFFICIALS.

10. 12AFAC TACTICAL HOSPITAL DEPLOYMENT: THIS PROJECT WAS REPORTED IN OUR FIRST QUARTER REPORT BUT DOLLAR VALUE OF CONSUMABLES SHOULD HAVE BEEN \$35,855 NOT \$35,202. AN INCREASE OF \$453.

11. 12AF MEDCAPS

A. RECIPIENT COUNTRY: PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECTS: PROVIDES MEDICAL SUPPLIES FOR MEDCAPS CONDUCTED THROUGHOUT THE YEAR IN PROVINCES AROUND CLARK AB. FOURTH QUARTER PROJECTS ARE BELOW:
C. LOCATION DATE PATIENTS UNITS SIZE COST
CUYAN 15JUL89 1,076 656 TAC HOSP (MED) 15 \$ 1,283
656 TAC HOSP (MED) 15
PHIL FORCES (MED) 15
SITE (UNA) 26JUL89 4,044 657 TAC HOSP (MED) 1 \$ 4,445
656 TAC HOSP (MED) 15
PHIL FORCES (MED) 15
STA LUCITA 22AUG89 3,941 657 TAC HOSP (MED) 15 \$ 3,949
656 TAC HOSP (MED) 15
PHIL FORCES (MED) 15
MARIA CONSUL 19SEP89 4,583 657 TAC HOSP (MED) 15 \$ 5,009
656 TAC HOSP (MED) 15
PHIL FORCES (MED) 15
TOTAL 13,754

C. DATES OF PROJECTS: ABOVE
D. TYPE/SIZE OF UNITS: ABOVE
E. U.S. DOLLAR COST: \$14,886. ADD \$477 TO THE AMOUNT REPORTED FOR THIS PROJECT DURING THE THIRD QUARTER. \$20,553 WAS SPENT ON SUPPLIES FOR FUTURE MEDCAPS. THIS, FOURTH QUARTER AND FY89 TOTALS ARE \$35,816 AND \$43,745 RESPECTIVELY.

F. OBJECTIVES ACHIEVED: HEALTH CARE AND MEDICATION DELIVERY TO LOCAL NATIONALS STRENGTHENED U.S. RELATIONS WITH FILIPINO COMMUNITIES. ENHANCED MILITARY-TO-MILITARY RELATIONS, AND PROVIDED GOOD FIELD EXPERIENCE FOR MEDICAL PERSONNEL.

12. TYPHOON "HURRY" UNBANG MEDCAPS/CONSTRUCTION PROJECTS

A. RECIPIENT COUNTRY: PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECT: MEDCAP/DENCAP 10A ZAMBALES
C. DATES OF PROJECT: 28 AUG 89
D. TYPE/SIZE OF UNITS: 42 U.S. NAVAL HOSPITAL AND DENTAL CLINIC PERSONNEL PROVIDED 180 HOURS OF SERVICE TO 840 PATIENTS.
E. U.S. DOLLAR COST: TOTAL FY EXPENDITURE OF \$20,000 WAS IDENTIFIED IN FIRST QUARTER REPORT. NEED TO SUBTRACT \$4,527 REPORTED IN ERROR IN THIRD QUARTER REPORT.
F. OBJECTIVES ACHIEVED: MEDCAPS/DENCAPS PROVIDED BASIC HEALTH

BT

UNCLAS //NOAD000//

SECTION 03 OF 04

AND HYGIENE SERVICES TO INDIGENT FAMILIES IN THE COMMUNITY. THEY ALSO PROVIDED VALUABLE TRAINING AND EXPERIENCE FOR U.S. MILITARY HEALTH CARE PERSONNEL. THESE ACTIVITIES HAD STRONG POSITIVE IMPACT ON U.S.-FP RELATIONS.

13. PHILIPPINE CONSTRUCTION PROJECTS

A. RECIPIENT COUNTRY: PHILIPPINES
B. PROJECTS CONDUCTED DURING THIS REPORTING PERIOD WERE:
C. PROJECT LOCATION DATE UNITS SIZE COST
3-IN SCH KATAANAN, DIBALUPINAN 21 FEB- COMB 302 & 20 \$22,000
BLDG BATAAN 7 JUL INCB 17
2-IN SCH DEL PILAP, CASTILLEJOS 18 APR- COMB 302 & 20 \$22,000
BLDG ZAMBALES 1 SEP INCB 17
3-IN SCH BAMBAN, HERMOSA, BATAAN 3 MAR- COMB 302 & \$22,000
BLDG WILL COMPLETE AFTER RAINY SEASON INCB 17
PAVING 12 SITES SELECTED IN THE MAR 90 COMB 302 \$80,060
PROVINCES OF ZAMBALES, BATAAN, AND PAMPANGA DESIGN FINALIZED AND MATERIALS PROCURED. WILL BEGIN CONSTRUCTION AFTER RAINY SEASON.

C. DATES OF PROJECTS: ABOVE

D. TYPE/SIZE UNITS: ABOVE

E. U.S. DOLLAR COST: DOLLAR VALUE OF THIS PROGRAM IS \$152,060 OF THIS, \$43,500 WAS REPORTED IN OUR SECOND AND THIRD QUARTER REPORTS, LEAVING \$44,560 FOR THIS QUARTER.

F. OBJECTIVES ACHIEVED: CONSTRUCTION PROJECTS PROVIDED QUALITY EDUCATIONAL FACILITIES IN THE COMMUNITIES. PAVING PROJECTS FURTHERED EXISTING GOODWILL AND TRUST BETWEEN THE U.S. FACILITY AND FILIPINO COMMUNITY. BOTH PROJECTS PROVIDED VALUABLE TRAINING FOR U.S. NAVY CONSTRUCTION BATTALION PERSONNEL AND ENHANCED U.S. IMAGE IN THE PHILIPPINES.

14. FY89 REPAIR/CONSTRUCTION PROJECTS

A. RECIPIENT COUNTRY: PHILIPPINES
B. PROJECTS CONDUCTED DURING THIS REPORTING PERIOD WERE:
C. PROJECT LOCATION DATE UNIT COST
PAINTING MUNICIPAL BLDG 5JUL89 USS BRUNSWICK \$ 700
CEBU CITY
PAINTING LAYAC ELEM SCHOOL 13JUL89 USS MIDWAY 1,000
DIBALUPINAN, BATAAN
PAINTING MISSIONARIES OF CHARITY, OLONGAPO CITY 12JUL89 USS MIDWAY 700
PAINTING BENEDETTOS ELEM SCH. 13JUL89 USS MIDWAY 1,200
LIBAN, PAMPANGA
PAINTING CULTS ELEM SCHOOL 14JUL89 USS BRUNSWICK 1,200
HERMOSA, BATAAN
PAINTING/REPAIR FAITH HOMES, 14JUL89 COMB 302 1,000
OLONGAPO CITY
PAINTING/REPAIR JIREH HOME 15JUL89 NAVSTA CHAPEL 750
CASTILLEJOS, ZAMBALES
PAINTING LAYAC ELEM SCHOOL 17JUL89 USMS HARRISETT 750
SAN MARCELINO, ZAMBALES
PAINTING RECEPTION & STUDY CNTR 17JUL89 USS REEVES 1,000
QUEZON CITY, AMARILA
PAINTING TABACUNAN ELEM SCHOOL 18JUL89 USS WHITE PLAINS 800
HABAYO ELEM SCHOOL 18JUL89 BAYNAG 800
HONONG, BATAAN
PAINTING GREEN BEACH, SUBIC 1AUG89 1ST BN 7TH MAR 50K
ZAMBALES
PAINTING ST THOMAS ELEM SCH. 10AUG89 USS TARAWA 1,200
SUBIC, ZAMBALES

MCN#89346/09422 TOR#89346/22592 TAD#89346/23032 CDSN#MAU569

UNCLASSIFIED

PAGE 2 OF 3
122250Z DEC 89
04 SECT MSG

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

CONSTR PHIL REFUGEE PROCESSING 23AUG89 COMU 302 890
CENTER WORKING BATAAN
CALAPANDAYAN ELEM 1982AUG89 FAMPA 2 000
SCH JBC ZAMBALES

PAINTING/ SHEPHERD OF THE HILLS 25AUG89 WAS 350
ELECTRIC SAN ANTONIO ZAMBALES
REPAIR KING'S FIL-AM ORPHANAGE 25AUG89 NAVHOSP 350
PAINTING OLONGAPO CITY

PAINTING SHEPHERD OF THE HILLS 30AUG89 FOSIF 350
SAN ANTONIO ZAMBALES

PAINTING SO BARRETTO I ELEM 25SEP89 USS LEAHY 1 200
SCHOOL OLONGAPO CITY

REPAIR PASTULAN VILLAGE 25SEP89 COMUSMAC & AM 500
COURT/SCH HERMOSA BATAAN
PAINTING RED CROSS

PAINTING INDEPENDENT CHURCH 8SEP89 CTF 73 800
OLONGAPO CITY

PAINTING KING'S FIL-AM ORPHANAGE 8SEP89 NAVHOSP 750
OLONGAPO CITY

PAINTING ILWAS ELEM SCHOOL 13SEP89 USS TARAWA 1 200
SUBIC ZAMBALES

REPAIR NABUGO DAY CARE CNTR 14SEP89 CTF 73/75 4 000
HERMOSA BATAAN

PAINTING ASTIMAN ELEM SCHOOL 14SEP89 USS STERETT 5 000
OLONGAPO CITY

PAINTING DEL PILAR ELEM SCHOOL 19SEP89 USS TARAWA 4 000
REPAIR CASTILLEJOS ZAMBALES

PAINTING KING'S FIL-AM ORPHANAGE 20SEP89 USS VANCOUVER 500
OLONGAPO CITY

PAINTING NEW CABALAN ELEM SCH 21SEP89 11TH MEU 1 200
OLONGAPO CITY

MFG TABLES INT'L CHILDREN'S 21SEP89 11TH MEU 1 200
ADVOCATE OLONGAPO CITY

C DATES OF PROJECT ABOVE
D TYPE/SIZE OF UNIT ABOVE
E U.S. DOLLAR COST \$35 850 TOTAL FOR FY89 IS \$52 720 \$9 122
WAS REPORTED IN OUR THIRD QUARTER REPORT AND \$1 740 HAS BEEN SPENT
FOR FUTURE PROJECTS. THUS, TOTAL FOURTH QUARTER AMOUNT IS \$42 590

F OBJECTIVES ACHIEVED: U.S. MILITARY PERSONNEL ASSISTED THE
COMMUNITY WITH ESSENTIAL BUILDING MAINTENANCE WORK THROUGH THIS
REPAIR/CONSTRUCTION PROGRAM. PROJECTS FURTHERED EXISTING GOODWILL
AND TRUST BETWEEN U.S. MILITARY AND FILIPINO COMMUNITY

15 FY89 MEDICAL CIVIC ACTION PROJECTS
A RECIPIENT COUNTRY PHILIPPINES

BT
UNCLAS //NOA000//
FINAL SECTION OF 04

B PROJECTS DURING THIS REPORTING PERIOD WERE CONDUCTED BY 216
PERSONNEL PROVIDING 745 HOURS OF SERVICE TO 2,500 PATIENTS. THE
PROJECTS WERE:

PROJECT	LOCATION	DATE	UNIT	\$ COST
DENCAP	SAN RAFAEL, SAN MARCELINO, ZAMBALES	11JUL89	NAVDECELTIC	142
DENCAP	BAI, INTABUG, AMUGAN, IBA, ZAMBALES	28JUL89	NAVDECELTIC	208
DEDCAP	PASTULAN VILLAGE, HERMOSA BATAAN	27JUL89	NAVHOSP	783
DENCAP	DIMALUPHAN BATAAN	12AUG89	NAVDECELTIC	408
DEDCAP	BATAAN	14AUG89	USA DET NAVHOSP	63
DEDCAP	GREEN/RED BEACH, SUBIC ZAMBALES	15AUG89	1ST BN 7TH MAR	850
DEDCAP	AGUSUMIN, SUBIC, ZAMBALES	29AUG89	NAVHOSP	1 204
DENCAP	CASTILLEJOS, ZAMBALES	8SEP89	NAVDECELTIC	205
DENCAP	AGUSUMIN, SAN MARCELINO, ZAMBALES	9SEP89	NAVDECELTIC	142
DEDCAP	GIFT OF LOVE MISSION, OLONGAPO CITY	15SEP89	NAVHOSP/11TH MEU	1 925
DEDCAP	MISSIONARIES OF CHARITY, OLONGAPO CITY	21SEP89	11TH MEU	2 500
DENCAP	MATAIN, SUBIC, ZAMBALES	28SEP89	NAVDECELTIC	191

C DATES OF PROJECTS ABOVE
D TYPE/SIZE OF PROJECT ABOVE
E U.S. DOLLAR COST \$8 819 TOTAL VALUE OF THIS PROGRAM IS \$85 000 OF THIS, \$35 509 WAS REPORTED IN PRIOR QUARTERS. TOTAL

THIS QUARTER IS \$49 491 INCLUDING \$40,872 WORTH OF SUPPLIES FOR
UPCOMING PROJECTS

F OBJECTIVES ACHIEVED: THESE PROJECTS PROVIDED ESSENTIAL MEDICAL
CARE TO REMOTE PARTS OF THE PHILIPPINES AND OUTSTANDING TRAINING FOR
U.S. MEDICAL PERSONNEL UNDER AUSTERE CONDITIONS

16 BALKATAN RA CONSTRUCTION PROJECTS (NOT PREVIOUSLY REPORTED)

A RECIPIENT COUNTRY PHILIPPINES

B DESCRIPTION/LOCATION OF PROJECTS: CONSTRUCTED THREE DEEP
WELLS AT SOKODAD, CALIKID NORTE AND CALIKID SO

C DATES OF PROJECTS: CONDUCTED FROM 5-19 DEC 89

D TYPE/SIZE OF UNIT: PROJECTS COMPLETED BY PERSONNEL FROM THE
1ST BATTALION 1ST SPECIAL FORCES GROUP

E U.S. DOLLAR COST \$3 000

F OBJECTIVES ACHIEVED: PROVIDED NEEDED WATER TO LOCAL POPULACE
IN THREE REMOTE AREAS AND VALUABLE TRAINING TO U.S. PERSONNEL UNDER
AUSTERE CONDITIONS

17 H/CA NEW HOSTILE PORT VISITS

A RECIPIENT COUNTRIES: TUNALU, WESTERN SAMOA, TONGA, TAHITI,
AND COOK ISLANDS

B DESCRIPTION/LOCATION OF PROJECTS: CONDUCTED VARIOUS H/CA
REPAIR/CONSTRUCTION PROJECTS IN EACH LOCATION. SPECIFIC LOCATIONS
WERE: FANAFUTU, TUNALU; APIN, WESTERN SAMOA; YAWA'U AND WURU' ALOFA,
TONGA; PAPEETE, TAHITI; AND RANOTONGA, COOK ISLANDS

C DATES OF PROJECTS: WHILE IN PORT AT ABOVE LOCATIONS BETWEEN
29 JUN AND 5 AUG 89

D TYPE/SIZE OF UNITS: CONSISTED OF SIX CONSTRUCTION PERSONNEL
FROM COM-413

E U.S. DOLLAR COST \$9 000. BRINGING TOTAL FOR THIS PROGRAM FOR
FY89 TO \$12 883

F OBJECTIVES ACHIEVED: PROVIDED A U.S. PRESENCE AND ESSENTIAL
ASSISTANCE TO REMOTE AREAS OF SOUTH PACIFIC COUNTRIES. PROVIDED
VALUABLE TRAINING TO USN PERSONNEL UNDER AUSTERE CONDITIONS

17 TRANSFER FROM SEMINAR/CONFERENCE AND COMBINED EXERCISE
CATEGORIES: UPON APPROVAL BY OSD, TRANSFERRED \$115 000 FROM THE
SEMINAR/CONFERENCE CATEGORY AND \$8 000 FROM THE COMBINED EXERCISE
CATEGORY. ADDITIONALLY, ADD \$80 TO THE PHILIPPINE AND TOTAL FIGURES
IN THE THIRD QUARTER TO CORRECT AN ERROR MADE ON THAT REPORT

18 SUMMARY OF FY89 PROGRAMS BY COUNTRY

A PHILIPPINES \$495 730
B THAILAND \$113 567
C BANGLADESH \$3 500
D MADAGASCAR \$19 800
E TUNALU \$4 800
F KIRIBATI \$65 062
G MARSHALL ISLANDS \$7 500
H WESTERN SAMOA \$3 977
I SOLOMON ISLANDS \$1 824
J PAPUA NEW GUINEA \$ 582
K TONGA \$2 800
L TAHITI \$ 800
M COOK ISLANDS \$2 700
N TOTAL \$722 242 REPRESENTING 97.3 PERCENT OF THE \$742 000
AUTHORIZED. NOTE: PROBLEMS GETTING MATERIALS IN MADAGASCAR PREVENTED
EXPENDITURE OF ALL FUNDS

19 THE ABOVE PROJECTS SUPPORTED OUR PACIFIC PEACETIME STRATEGY.
THIS VALUABLE PROGRAM GENERATED MULTIFOLD BENEFITS TO U.S. COMPARED
TO ITS LOW DOLLAR COST. ENTIRE NATIONS BENEFIT BY A FEW THOUSAND
DOLLARS OF TITLE 10 FURNISHED MATERIALS USED WITH DEPLOYED U.S.
FORCES ON VISIBLE TRAINING MISSIONS. WE FULLY SUPPORT OSD EFFORTS TO
EXTEND THE H/CA AUTHORITY BEYOND 1991 AND REMOVE DOLLAR CEILINGS.
THANKS FOR ISA ASSISTANCE WITH FUNDING AND POLICY GUIDANCE

20 USCINCPAC POC IS MAJ VON DER HORFF J4111 AV 477-0922 OR COMH
(808) 477-0922 // BT

MCN=89346/09422 TOR=89346/22592 TAD=89346/2303Z CDSN=MAUS69

UNCLASSIFIED

PAGE 3 OF 3
122290Z DEC 89
04 SECT MSG

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

PRIORITY 270N RUMDSG/7207 2751916
P 021915Z OCT 89
FM USCINCPAC HONOLULU HI//J4//
TO: SECDEF WASHINGTON DC//USDP//ISA-HUMAN//
INFO: JOINT STAFF WASHINGTON DC//J5//J7//
RUMDSG//CINCPACFLT PEARL HARBOR HI//NO2//
CINCPACFLT HICKAM AFB HI//YPR// CORVISTOWN PT SHAFER HI//
12AF CLARK AB RP//JPR//
USCINCPAC REP PHILIPPINES SUBIC BAY RP

VOUCHER NO	DATE	AMOUNT
DOV 07130	13 JUL 89	\$ 491
DOV 07144	18 JUL 89	35
DOV 07145	18 JUL 89	18
DOV 07146	18 JUL 89	27
DOV 07147	18 JUL 89	9
DOV 07148	18 JUL 89	1
TOTAL		\$ 582

UNCLAS //NOFORN//
SECTION 02 OF 03
MSGID/SYS RUMUSCINCPAC J4//
AMPH/SUBJ FY89 THIRD QUARTER TITLE 10 HUMANITARIAN CIVIC ASSISTANCE
(H/CA) AFTER ACTION REPORT//
RUMDSG THIS MESSAGE PROVIDES AFTER ACTION REPORT ON USCINCPAC FY89
TITLE 10 H/CA PROJECTS EXECUTED DURING THE THIRD QUARTER OF FY89
2 H/CA TOW HOUTING PORT VISITS (CINCPACFLT)

A APJA WESTERN SAMOA
(1) DATES 22-25 JUNE 1989
(2) ACTIVITY
(A) TANUANGANING SCHOOL INSTALLED CLASSROOM SECURITY
SCREENING AND DOORS MISCELLANEOUS PAINTING
(B) NAARIST BROTHERS SCHOOL INSTALLED CLASSROOM SECURITY
SCREENING ABOVE DOORS 4 LOCATIONS
(C) STANVE KIDBERGARTEN MINOR EXTERIOR WIRE MESH FENCE

REPAIR
(1) PARTICIPATING UNIT NINE MAN SEABEE TEAM FROM NAVAL
MOBILE CONSTRUCTION BATTALION FOUR

VOUCHER NO	DATE	AMOUNT
DOV 07100	23 JUN 89	\$1 497
DOV 07101	24 JUN 89	134
DOV 07109	25 JUN 89	44
TOTAL		\$1 677

(5) OBJECTIVES ACHIEVED POSITIVE PUBLIC IMAGE IN ENHANCING
JOINT SECURITY INTEREST AND OPERATIONAL READINESS SKILLS OF MCF
MEMBERS

(6) LESSONS LEARNED RESTRICT COMPLEXITY OF H/CA PROJECTS
TO THOSE THAT CAN BE ACHIEVED USING LOCALLY AVAILABLE MATERIALS

B HONOLULU SOLDIER ISLANDS
(1) DATES 6-11 JULY 1989
(2) ACTIVITY

(A) PUBLIC RESTROOM FACILITY COMPLETED FINISH
ELECTRICAL FINISH PLUMBING WOODEN LOUVER AND DOOR INSTALLATION
(B) YURA PRIMARY GRADE SCHOOL REPAIR OF APPROXIMATELY 50
CLASSROOM BENCHES AND DESKS MINOR PLUMBING REPAIR REPAIR OF DAMAGED
INTERIOR AND EXTERIOR SIDING AND EXTERIOR PAINTING OF THREE SCHOOL
BUILDINGS

(C) TOMA GROUND PARK PLAYGROUND REPAIRED PLAYGROUND
SWING SET AND SLIDE

(1) PARTICIPATING UNIT NINE MAN SEABEE TEAM FROM NAVAL
MOBILE CONSTRUCTION BATTALION FOUR

VOUCHER NO	DATE	AMOUNT
DOV 07124	10 JUL 89	\$ 309
DOV 07125	10 JUL 89	1 755
TOTAL		\$1 624

(5) OBJECTIVES ACHIEVED POSITIVE PUBLIC IMAGE IN ENHANCING
JOINT SECURITY INTEREST AND OPERATIONAL READINESS SKILLS OF MCF
MEMBERS

(6) LESSONS LEARNED RESTRICT COMPLEXITY OF H/CA PROJECTS
TO THOSE THAT CAN BE ACHIEVED USING LOCALLY AVAILABLE MATERIALS

C PONT MORESBY PAPUA NEW GUINEA
(1) DATES 13-16 JULY 1989
(2) ACTIVITY PAPUA NEW GUINEA SPECIAL EDUCATION CENTER

REPAIRED WINDROW SCREENING REPAIRED WOODEN WHEEL CHAIR RAMP AND
PAINTED EXTERIOR OF SCHOOL FACILITY

(1) PARTICIPATING UNIT NINE MAN SEABEE TEAM FROM NAVAL
MOBILE CONSTRUCTION BATTALION FOUR

(4) FUNDS EXPENDED

ACTION USDP FILE(1) USDP HUMAN(3) USDP ISA(1) (M C)
INFO: J2 JRC(1) NIDS(1) J7(6) J5(2) QUAL CONTR(1)
J5-MAL-J(1) SECDEF-M(1) ASD-M(1) USDP OSA(4)
USDP PMA(1) USDP PMA A(1) USDP LOS(1) USDP LIC(1)

MCN=89275/0634E TOR=89275/1693Z TAD=89275/1693Z CDSH=MAJLH41

UNCLASSIFIED

PAGE 1 OF 2
121515Z OCT 89
13 16 15 MS

(5) OBJECTIVES ACHIEVED POSITIVE PUBLIC IMAGE IN ENHANCING
JOINT SECURITY INTEREST AND OPERATIONAL READINESS SKILLS OF MCF
MEMBERS

(6) LESSONS LEARNED RESTRICT COMPLEXITY OF H/CA PROJECTS
TO THOSE THAT CAN BE ACHIEVED USING LOCALLY AVAILABLE MATERIALS

3 MEDCAPS TOW COPE THUNDER EXERCISES (PACAF)
A RECIPIENT COUNTRY PHILIPPINES
B DESCRIPTION/LOCATION OF PROJECTS THIS PROGRAM SUPPORTS
MEDCAPS THROUGHOUT THE YEAR IN WESTERN TARLAC PAMPANGA AND ZAMBALES
PROVINCES (TOTAL OF \$45 000 FOR FY89) PROJECTS COMPLETED THIS
REPORTING PERIOD ARE AS FOLLOWS

LOCATION	DATE	PATIENTS	COST
TALIMUNDOK MABALACAT PAMPANGA	11 APR 89	2 298	\$ 3 195
SANTOL & PAGLOPO (SAN FERNANDO)			
LA UNION	19-20 APR 89	2 007	\$ 3 438
TIMANG CONCEPCION TARLAC	24 APR 89	1 306	\$ 2 655
CUTUT ANGELES CITY	27 APR 89	2 919	\$ 3 576
PAGUIRAN FLORIDA-BLANCA			
PAMPANGA	5 MAY 89	1 455	\$ 1 731
STO DOMINGO CAPAS TARLAC	9 MAY 89	2 082	\$ 0 480
CASTILLEJOS & SUCAT ZAMBALES	19-20 MAY 89	2 333	\$ 3 623
TOTALS		14 400	\$20 896

C DATES OF PROJECT ABOVE
D MEDCAP TEAMS CONSISTED OF 30 USAF PERSONNEL AND DEPENDANT
VOLUNTEERS FROM 37FW/CA 20 PHILIPPINE PHYSICIANS 20 PHILIPPINE
NURSES 10 PHILIPPINE DENTISTS AND 20 PHILIPPINE MIDWIVES

E U.S. DOLLAR COST OF CONSUMABLES \$ 20 896
F OBJECTIVES ACHIEVED MILITARY CIVIC ACTIONS SERVE AS A
FLEXIBLE AND EFFECTIVE MEANS OF STRENGTHENING RELATIONS BETWEEN U.S.

FACILITIES AND FILIPINO COMMUNITIES THE PROGRAM OFFERED BENEFIT
ALL CONCERNED AND ENHANCED THE ABILITY OF SENIOR LEADERSHIP AT
CLARK AB TO ACCOMPLISH THE MISSION AND CONDUCT EVERYDAY AFFAIRS
PROJECTS PROVIDE VALUABLE TRAINING TO USAF MEDICAL PERSONNEL UNDER
AUSTERE CONDITIONS

A SCHOOL CONSTRUCTION PROJECTS (PACAF - \$ 16 000 TOTAL FOR FY89)

A RECIPIENT COUNTRY PHILIPPINES
B DESCRIPTION/LOCATION OF PROJECTS THIS PROGRAM PROVIDES
CONSTRUCTION MATERIALS TO REPAIR SCHOOLS AFFECTED BY OVERFLIGHTS OF
COPE THUNDER AIRCRAFT LOCATIONS ARE SPECIFIED BELOW PROJECTS THIS
REPORTING PERIOD ARE AS FOLLOWS

LOCATION	DATE	COST
UNCLAS //NOFORN// SECTION 02 OF 03 POND COMMUNITY SCHOOL SAN FERNANDO LA UNION	7 APR 89	\$ 571
STA RITA ELEM SCHOOL	4 MAY 89	\$ 6 730
CAPAS TARLAC (IN PROGRESS/COSTS TO DATE/MATERIALS ISSUES)		
STA JULIANA ELEM SCHOOL	11 MAY 89	\$ 204
CAPAS TARLAC		
MARUGAL ELEM SCHOOL	22 MAY 89	\$ 122
CAPAS TARLAC		
TOTALS		\$ 7 627

C DATES OF PROJECT ABOVE
D TYPE AND SIZE OF UNIT PROJECTS COMPLETED BY PERSONNEL FROM
THE 37FW/CA AT CLARK AB

E U.S. DOLLAR COST OF CONSUMABLES \$ 7 627

F OBJECTIVES ACHIEVED THE CIVIC ACTION PROJECTS SERVE AS A
FLEXIBLE AND EFFECTIVE MEANS OF STRENGTHENING RELATIONS BETWEEN U.S.
FACILITIES AND FILIPINO COMMUNITIES THE PROJECTS BENEFIT ALL
CONCERNED BY PROVIDING VALUABLE TRAINING TO USAF CONSTRUCTION
PERSONNEL AND BY PROMOTING GOODWILL THROUGHOUT THE COMMUNITY AROUND
CLARK AB

5 13AF MEDCAPS (PACAF - \$44 000 TOTAL FOR FY89)

A RECIPIENT COUNTRY PHILIPPINES
B DESCRIPTION/LOCATION OF PROJECTS PROVIDES MEDICAL SUPPLIES
FOR MEDCAPS COMBATED THROUGHOUT THE YEAR IN PROVINCE AROUND CLARK
AB PROJECTS THIS REPORTING PERIOD ARE AS FOLLOWS

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

LOCATION	DATE	PATIENTS	COST
MANAGAT	1 MAY 89	1,122	\$ 3,195
SAPANGBATO	7 JUN 89	1,404	\$ 4,814
	TOTALS	2,546	\$ 8,029

C DATES OF PROJECT ABOVE
D TYPE AND SIZE OF UNIT MEDCAPS CONDUCTED BY U.S. PERSONNEL FROM THE 65TH AND 65TH TACTICAL HOSPITAL AND PHILIPPINE PERSONNEL FROM CLARK AB COMMAND AND THE PHILIPPINE ARMY

E U.S. DOLLAR COST OF CONSUMABLES \$ 8,029
F OBJECTIVES ACHIEVED BROUGHT BOTH U.S. PRESENCE AND NEEDED MEDICAL ASSISTANCE TO REMOTE PARTS OF PROVINCES SURROUNDING CLARK AB THUS IMPROVING RECEIPTIVITY AND RELATIONS WHILE PROMOTING A PRO-AMERICAN ANTI-COMMUNIST SENTIMENT THE PROJECT PROVIDED EXCELLENT TRAINING FOR USAF AND AFP MEDICAL PERSONNEL AND SERVED AS A FLEXIBLE AND EFFECTIVE MEANS OF STRENGTHENING RELATIONS BETWEEN U.S. FACILITIES AND FILIPINO COMMUNITIES

G FY89 TYPHOON RELIEF (USCINCPAC REP PHILIPPINES)
A RECIPIENT COUNTRY PHILIPPINES
B DESCRIPTION/LOCATION OF PROJECTS PROVIDE MEDICAL AND DENTAL SERVICES TO INDIGENT FAMILIES IN PROVINCES AROUND SUBIC BAY NAVAL STATION PROJECTS THIS REPORTING PERIOD ARE AS FOLLOWS:

LOCATION	DATE	PATIENTS	UNIT	COST
MARIVELES BATAAN	7 APR 89	500	USNAVHOSP SUBIC BAY RP	\$ 1,000
PIJAR BATAAN	27 APR 89	450	USNAVHOSP SUBIC BAY RP	\$ 984
ORANI BATAAN	19 MAY 89	510	USNAVHOSP SUBIC BAY RP	\$ 2,496
BARRETTO OLONGAPO CITY (DENCAP)	2 JUN 89	181	USDEMLINE SUBIC BAY RP	\$ 42
MABAYO HORONG BATAAN (DENCAP)	24 JUN 89	104	USDEMLINE SUBIC BAY RP	\$ 45
	TOTALS	1,805		\$ 4,527

APPROXIMATELY \$2,300 OF SUPPLIES REMAINING WHICH WILL BE USED FOR PENDING MEDCAP IN ORION BATAAN

C DATES OF PROJECT ABOVE
D TYPE AND SIZE OF UNIT MEDCAPS/DENCAPS CONDUCTED BY U.S. PERSONNEL FROM U.S. NAVAL HOSPITAL AND U.S. NAVAL DENTAL CLINIC SUBIC BAY RP

E U.S. DOLLAR COST OF CONSUMABLES \$ 4,527
F OBJECTIVES ACHIEVED THE MEDICAL/DENTAL ASSISTANCE PROJECTS PROVIDED BASIC HEALTH AND HYGIENE SERVICES TO INDIGENT FAMILIES AND TRAINING AND EXPERIENCE FOR U.S. MILITARY HEALTH CARE PERSONNEL THESE ACTIVITIES HAVE A STRONG POSITIVE IMPACT UPON IMPROVING U.S.-FILIPINO RELATIONS

G FY89 MAJOR CONSTRUCTION PROJECTS (USCINCPAC REP PHILIPPINES)

A RECIPIENT COUNTRY PHILIPPINES
B DESCRIPTION/LOCATION 3-MOON SCHOOL BUILDINGS IN KATAASAN DINALUPINAN BATAAN, SAMBAW HEMOSA BATAAN, AND DEL PILAR CASTILLEJOS ZAMBALES PROJECTS THIS REPORTING PERIOD ARE AS FOLLOWS:

LOCATION	DATES	COST
KATAASAN DINALUPINAN BATAAN	21 FEB - 7 JUL 89	\$ 19,500
SAMBAW HEMOSA BATAAN	3 MAR 89 *	\$ 19,500
DEL PILAR CASTILLEJOS ZAMBALES	18 APR - 18 AUG 89	\$ 19,500
	TOTAL	\$ 58,500

* 20 PERCENT COMPLETE

C DATES OF PROJECTS ABOVE
D UNIT CONDUCTING COMB 302 AND RMCH-17
E U.S. DOLLAR COST \$ 58,500
F OBJECTIVES ACHIEVED CONSTRUCTION PROJECTS PROVIDE MUCH NEEDED QUALITY EDUCATIONAL FACILITIES IN THE COMMUNITIES THEY ALSO PROVIDE VALUABLE TRAINING OPPORTUNITIES FOR U.S. NAVY CONSTRUCTION BATTALION PERSONNEL U.S. NAVY PERSONNEL WORKING ON CRITICAL COMMUNITY PROJECTS ENHANCE U.S. IMAGE IN THE PHILIPPINES
G FY89 MINOR REPAIR/CONSTRUCTION PROJECTS (USCINCPAC REP PHILIPPINES)

A RECIPIENT COUNTRY PHILIPPINES
B DESCRIPTION/LOCATION
(1) ROOF REPAIR OF SCHOOL HOUSE WILLIAM BOTCLAN ZAMBALES
(2) VARIOUS SCHOOL REPAIR PROJECTS COMPLETED BY FLEET PERSONNEL

(3) HANGING BRIDGE PROJECT GREEN BEACH SUBIC ZAMBALES
C DATES OF PROJECTS
(1) 8 MAY 89: ROOF REPAIR
(2) 10 MAY - 22 JUN 89: VARIOUS SCHOOL REPAIR PROJECTS

(3) 12 MAY 89: HANGING BRIDGE PROJECT

D UNIT CONDUCTING
(1) ROOF REPAIR COMB 302
(2) VARIOUS SCHOOL REPAIRS U.S. FLEET PERSONNEL FROM THE FOLLOWING SHIPS: USS SAN JOSE FOR CASAPANAN ELEM SCHOOL, HEMOSA BATAAN; USS MIDWAY FOR RECEPTION AND STUDY CENTER NITRO MANILA; USS REEVES FOR SAN RAFAEL ELEM SCHOOL, SAN MARCELINO ZAMBALES; USS WHITE PLAINS FOR SAN ESTEBAN ELEM SCHOOL, MACAREBE PAMPANJA

UNCLAS //NOAD000

FINAL SECTION OF D3

(3) HANGING BRIDGE 10TH MARINE ENGINEERING UNIT

E U.S. DOLLAR COST
(1) ROOF REPAIR - \$ 3,300
(2) SCHOOL REPAIR - \$ 3,285
(3) HANGING BRIDGE - \$ 537

F OBJECTIVES ACHIEVED U.S. MILITARY PERSONNEL ARE ABLE TO ASSIST THE COMMUNITY WITH VARIOUS CIVIC ACTION PROJECTS THROUGH THIS REPAIR/CONSTRUCTION PROGRAM THE PROJECTS FURTHER THE EXISTING GOODWILL AND TRUST BETWEEN THE U.S. FACILITY AND THE FILIPINO COMMUNITY

G FY89 MEDICAL CIVIC ACTION PROJECTS (USCINCPAC REP PHILIPPINES)

A RECIPIENT COUNTRY PHILIPPINES
B DESCRIPTION/LOCATION VACCINATE ANIMALS AGAINST RABIES VETERINARY THIRD QUARTER ACCOMPLISHMENT IN COMMUNITIES SURROUNDING SUBIC BAY U.S. FACILITY

C DATES OF PROJECT 1 APR - 30 JUN 89
D UNIT CONDUCTING U.S. ARMY VETERINARY DEPARTMENT SUBIC BAY
E U.S. DOLLAR COST \$ 3,300
F OBJECTIVES ACHIEVED PROJECT PROVIDES NEEDED RABIES VACCINATION IN COMMUNITIES AROUND SUBIC BAY AND PROVIDES VALUABLE TRAINING TO U.S. PERSONNEL THESE ACTIVITIES HAVE A STRONG POSITIVE IMPACT ON U.S.-FILIPINO RELATIONS

G SUMMARY OF FY89 THIRD QUARTER PROJECTS BY COUNTRY

A PHILIPPINES	\$111,721
B WESTERN SAMOA	\$ 3,677
C SALOMON ISLANDS	\$ 1,624
D PAPUA NEW GUINEA	\$ 582
E TOTAL	\$115,604

31: USCINCPAC POC IS MAJ VON DER HOFF JAL11 AV 477-0922 OR COMB (808) 477-0922 // BT

MCN:BU275//16 RH6

TDN:BU275 193JZ

TAH:BU275 193JZ

CDJN:MAJUBA1

FA:6 1 OF 1

CD:19172 011 RS

CD:5177 NV

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

A ZAHNE
 B REPAIR OF PUBLIC FACILITIES
 C WATER WQ
 D PROJECT/REHABILISHED SCHOOL IN KAMBA REGION CONSTRUCTION
 INCLUDED ROOF REPAIRS/WINDOW REPLACEMENT IMPROVING STRUCTURAL
 INTEGRITY OF BLDG. W SPECIAL FORCES ENGINEERS GAINED
 EXPERIENCE IN TROPICAL CONSTRUCTION TECHNIQUES ADDITIONALLY
 PROJECT PROVIDED ENHANCED LANGUAGE PROFICIENCY FOR U.S. SPECIAL
 FORCES/PSYOP TEAMS
 E 3RD BATTALION 5TH SPECIAL FORCES GROUPS FY BRAGG, NC
 F 60,000 USD
 G PROJECT SIR

A ZATRE
B MEDICAL/DENTAL CARE
C IMMITE BR
D PROJECT PROVIDED MEDICAL/DENTAL CARE TO FOUR VILLAGES
BUSANGI KINGSZARD KITHA AND NITAL (ENHANCED)
OPERATIONAL/LANGUAGE PROFICIENCY SKILLS OF U.S. OPERATIONS TEAMS
EXERCISING IN TROPICAL ENVIRONMENT
E 3RD BATTALION 5TH SPECIAL FORCES GROUP FT BRAGG NC

8 PROJECT SEVEN
A GARDEN
B REPAIR OF PUBLIC FACILITIES
C WATER BN
D) CONSTRUCTED ADDITIONAL CLASSROOM FOR PUBLIC SCHOOL
BUILDING IN FREESTOWN TO RELIEVE OVERCROWDING. WORK INCLUDED
POURING CONCRETE SLAB, LIMITED VERTICAL CONSTRUCTION, MINOR
ELECTRICAL WORK AND EXTERIOR/INTERIOR PAINTING. ENHANCED
CONSTRUCTION SKILLS OF SEABEE TEAM
E USS HARBOR COUNTY SEABEE TEAM
F 26,000,000

9 PROJECT EIGHT
A LIBERIA
B REPAIR OF PUBLIC FACILITIES
C WATC 09

D PERFORMED MINOR REPAIRS TO FAMILY PLANNING OFFICE BUILDING
IN FAYATA REPAIRS INCLUDED MASONRY CARPENTRY ELECTRICAL AND
PLUMBING WORK PROJECT ENHANCED CONSTRUCTION SKILLS OF SEAMEE TEAM

10 PROJECT WIDE:
A LIBERIA
B REPAIR OF PUBLIC FACILITIES
C WATER
D RENOVATION OF LAKAYATA COMMUNITY HEALTH CLINIC. WORK
INCLUDED REPAIR OF ROOF, WINDOW REPLACEMENT, CARPENTRY, MASONRY,
ELECTRICAL, AND PLUMBING REPAIRS. PROJECT ENHANCED CONSTRUCTION
SKILLS OF SEABEE TEAM
E USS MARLAN COUNTY SEABEE TEAM
F \$19,000 USD

UNCLAS
FINAL SECTION OF 002
A GUINEA
B CONSTRUCTION OF BASIC SANITATION FACILITIES/REPAIR OF PUBLIC
FACILITIES
C WATE 00

WATER CONNECTION AT INFANTS CARE CENTER PROJECT ENHANCED CONSTRUCTION SKILLS OF SEABEE TEAM

12 E USS MARLAN COUNTY SEABEE TEAM
F 25,000 USD
PROJECT ELEVEN:
A SEBERRA LEONE
B REPAIR OF PUBLIC FACILITIES
C WTC BO
D POURED CONCRETE SLAB AND REPAIRED PUBLIC SCHOOL
FACILITIES IN FREETOWN MUNICIPAL DISTRICT TO ALLEViate
OVERFLOWING PROJECT ENHANCED CONSTRUCTION SKILLS OF SEABEE
TEAM
E USS MARLAN COUNTY SEABEE TEAM
F 30,000 USD

COSN=MAU157
PAGE 1 OF 2
210524Z SEP 89
02 SECT MSG

UNCLASSIFIED

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

- 12 PROJECT TWELVE
 A LIBERIA
 B RENOVATION OF HOSPITAL WARD
 C PRIME BEEF TEAM MTT
 D PROJECT INVOLVED REPAIR OF ELECTRICAL/PLUMBING FACILITIES
 AT CHILDREN'S WARD JFA HOSPITAL IN MONROVIA. HOSPITAL PROVIDES
 CARE TO CHILDREN FROM BIRTH TO FOURTEEN YEARS OF AGE. PROJECT
 ENHANCED CONSTRUCTION SKILLS OF USAF ENGINEER TEAM
 1. 526 CES NAS NEW ORLEANS, LA
 1. 25,000 USD
 14. TOTAL EXPENDITURE IN FY89 FOR HQ USEUCOM WAS 336,000 USD
 15. POC HQ USEUCOM IS CPT/PJ FELTNER AV 430-5980 COMMERCIAL
 049-711-680-5980 BT

MCN*89264/02663 TOR*89264/08352 TAD*89264/08462

CDSN*MAU157

UNCLASSIFIED

PAGE 2 OF 2
210524Z SEP 89
02 SEC MFG

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

File George

PRIORITY
P 020425Z JUN 89
FM USCINCPAC HONOLULU HI//J4//
TO SECDEF WASHINGTON DC//USDP (ISA-HUMAN)//
INFO JOINT STAFF WASHINGTON DC//J5//J7//
CINCPACFLT PEARL HARBOR HI//RMB//
CINCPACAF HICKAM AFB HI//XRP//
COMWESTCOM FT SHAFTER HI//AMP-3R//
USCINCPAC REP PHILIPPINES SUBIC BAY RP
J3AF CLARE AB RP//XRP//

UNCLAS //NOFORN//
MSGID/SYS RNM/USCINCPAC J41//
AMPM/SUBJ FY89 SECOND QUARTER TITLE 10 HUMANITARIAN/CIVIC
ASSISTANCE (H/CA) AFTER ACTION REPORT//
RMS/1 THIS MESSAGE PROVIDES AFTER ACTION REPORT ON USCINCPAC FY89
TITLE 10 H/CA PROJECTS EXECUTED DURING THE SECOND QUARTER OF FY89
2 MEDCAPS FOR COPE THUNDER EXERCISES:

A. RECIPIENT COUNTRY: PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECT: THIS PROGRAM SUPPORTS
MEDCAPS THROUGHOUT THE YEAR IN WESTERN BARAC PAMPANGA AND ZAMBALES
PROVINCES (TOTAL OF \$42,000 ALLOCATED FOR FY89). PROJECTS COMPLETED
THIS REPORTING PERIOD ARE AS FOLLOWS:

LOCATION	DATE	PATIENTS	UNIT	COST
SAN FELIPE AND SAN MARCELINO ZAMBALES	26-27 FEB 89	2,572	3TFW/CA	\$4,054
MALASQUIN PANGASINAN	10 FEB 89	4,148	3TFW/CA	\$4,492
LACANDULA NABALACAT PAMPANGA	15 FEB 89	1,650	3TFW/CA	\$2,485
STA TRINIDAD NABALACAT PAMPANGA	23 FEB 89	3,784	3TFW/CA	\$4,349
CAMP SANMEX/INARAO VILLAGE, ANGELES CITY	2 MAR 89	204	3TFW/CA	\$ 539
TARGET VILLAGE AND CANACHILES ANGELES CITY	10 MAR 89	301	3TFW/CA	\$ 790
TOTALS		12,657		16,715

C. DATES OF PROJECT: ABOVE
D. TYPE AND SIZE OF UNIT: MEDCAP TEAMS CONSISTED OF 15 USAF
PERSONNEL FROM THE 3TFW/CA AT CLARE AB AUGMENTED BY APPROXIMATELY 20
PHILIPPINE PHYSICIANS AND 20 PHILIPPINE NURSES AND MIDWIVES
E. U.S. DOLLAR COST OF CONSUMABLES: \$ 18,715
F. OBJECTIVES ACHIEVED: BROUGHT BOTH U.S. PRESENCE AND NEEDED
MEDICAL ASSISTANCE TO REMOTE PARTS OF PROVINCES SURROUNDING CLARE AB.
THUS IMPROVING RECEPTIVITY AND RELATIONS WHILE PROMOTING A
PRO-AMERICAN, ANTI-COMMUNIST SENTIMENT. THE PROJECT PROVIDED
EXCELLENT TRAINING FOR USAF AND AFP MEDICAL PERSONNEL AND SERVED AS A
FLEXIBLE AND EFFECTIVE MEANS OF STRENGTHENING RELATIONS BETWEEN U.S.
FACILITIES AND FILIPINO COMMUNITIES.
3. COPE THUNDER SCHOOL CONSTRUCTION PROJECT: THIS PROGRAM PROVIDES
CONSTRUCTION MATERIALS TO REPAIR SCHOOLS AFFECTED BY OVERFLIGHTS OF
COPE THUNDER AIRCRAFT (TOTAL OF \$18,000 ALLOCATED FOR FY89).
PROJECTS THIS REPORTING PERIOD ARE AS FOLLOWS:

LOCATION	DATE	UNIT	COST
DOLORES ELEN SCHOOL NABALACAT PAMPANGA	16 FEB 89	3TFW/CA	\$ 680
NABALACAT ELEN SCHOOL PORAC PAMPANGA	20 MAR 89	3TFW/CA	\$ 1,275
PORAC ELEN SCHOOL PORAC PAMPANGA	28 MAR 89	3TFW/CA	\$ 432
TOTAL			\$ 2,387

C. DATES OF PROJECTS: ABOVE
D. TYPE AND SIZE OF UNIT: PROJECTS COMPLETED BY PERSONNEL FROM
THE 3TFW/CA AT CLARE AB
E. U.S. DOLLAR COST OF CONSUMABLES: \$2,387
F. OBJECTIVES ACHIEVED: THESE CIVIC ACTION PROJECTS SERVE AS A
FLEXIBLE AND EFFECTIVE MEANS TO STRENGTHEN RELATIONS BETWEEN U.S.
FACILITIES AND FILIPINO COMMUNITIES. THE PROJECTS BENEFITTED ALL
CONCERNED BY PROVIDING VALUABLE TRAINING FOR USAF CONSTRUCTION

JOINT STAFF
ACTION USDP-FILE(1) (U & T, F) 24
INFO J3 JRC(1) J5(1) J7(6) J5(2) QUAL CONTROL(1)
J5-HEAF-J(0) SECDEF-W(1) ASD-HA(1) USDP ISA(1)
USDP DSA(1) USDP FMA(1) USDP POL(1) USDP LOS(1)
USDP LIC(1) USDP HUMAN(1)

MCN=89153/01852 TOR=89153/0451Z TAD=89153/0831Z CDSN=MAZ844
PAGE 1 OF 1
020425Z JUN 89

UNCLASSIFIED

PERSONNEL AND BY PROMOTING GOODWILL THROUGHOUT THE COMMUNITY AROUND
CLARE AB
4 MEDCAPS/BENCAPS FOR EXERCISE BALITATAN (U.S. ARMY) - NOT
PREVIOUSLY REPORTED
A. RECIPIENT COUNTRY: PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECT: MEDICAL AND DENTAL CIVIC
ACTION PROJECTS WERE CONDUCTED IN WIO CHICO, SOLEDAD, AND CALICAO
WITTE DURING EXERCISE BALITATAN. THE THREE MEDCAPS/BENCAPS WERE
CONDUCTED FROM 2-16 DECEMBER 88 AND TREATED 9,731 PATIENTS IN THESE
RURAL AREAS.
C. DATES OF PROJECT: 2-16 DECEMBER 88
D. TYPE AND SIZE OF UNITS: TEAMS CONSISTED OF ONE DOCTOR, THREE
CORPSMEN, AND THREE NURSES FROM THE 3RD FSSG; ONE USAJ DENTIST, ONE
DOCTOR, 15 NURSES, AND 10 ASSISTANTS FROM THE 1001ST SFG; AND
PERSONNEL FROM THE 10TH SFG
E. U.S. DOLLAR COST OF CONSUMABLES: \$ 21,300
F. OBJECTIVES ACHIEVED: THESE PROJECTS PROVIDED U.S. PRESENCE
AND NEEDED MEDICAL ASSISTANCE TO REMOTE PARTS OF THE PHILIPPINES.
THEY ALSO PROVIDED VALUABLE TRAINING OPPORTUNITIES TO U.S. MILITARY
HEALTH CARE SPECIALISTS. THESE ACTIVITIES HAVE A STRONG, POSITIVE
IMPACT ON U.S.-FILIPINO RELATIONS.
5. FY89 HWY CONSTRUCTION PROJECTS:
A. RECIPIENT COUNTRY: PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECT: THIS PROGRAM CONSISTS OF
VARIOUS CONSTRUCTION PROJECTS IN VARIOUS PROVINCES IN THE
PHILIPPINES. DURING THIS QUARTER, AN ELECTRICAL IMPROVEMENT PROJECT
WAS COMPLETED TO PROVIDE ELECTRICAL WIRING, OUTLETS, ETC. FOR A
RECENTLY CONSTRUCTED 3-ROOM SCHOOL HOUSE IN DINALUPHAW, BATAAN.
ADDITIONAL PROJECTS ARE UNDERWAY AND WILL BE COMPLETED LATER IN THE
YEAR (TOTAL OF \$45,000 ALLOCATED TO THIS PROGRAM).
C. DATES OF PROJECT: COMPLETED 24 MAR 89
D. TYPE AND SIZE OF UNIT: COMPLETED BY PERSONNEL FROM THE 302
CONSTRUCTION BATTALION MAINTENANCE UNIT
E. U.S. DOLLAR COST OF CONSUMABLES: \$5,000
F. OBJECTIVES ACHIEVED: THIS PROJECT PROVIDED AN EFFECTIVE
MEANS TO STRENGTHEN RELATIONS BETWEEN THE U.S. AND THE FILIPINO
COMMUNITY. THE PROJECT BENEFITTED ALL CONCERNED BY PROVIDING
VALUABLE TRAINING FOR U.S. MILITARY CONSTRUCTION PERSONNEL AND BY
PROMOTING GOODWILL IN THE LOCAL PHILIPPINE COMMUNITY.
6. SUMMARY OF FY89 SECOND QUARTER PROJECTS BY COUNTRY:
A. PHILIPPINES: \$45,402
7. USCINCPAC POC IS MAJ VON DER HOFF, J4111, HY 477-0823 OR COMM
(BOB) 477-0823 // BT

UNCLASSIFIED

JCS INFORMATION
SERVICE CENTER

ROUTINE
R 050332Z APR 89
FM USCINCPAC HONOLULU HI
TO SECDEF WASHINGTON DC//USDP (ISA-HUMAN)
INFO JOINT STAFF WASHINGTON DC//J5/J7
CINCPACFLT PEARL HARBOR HI CINCPACAF HICKAM AFB HI//AFT
COMWESTCOM FT SHAFTER HI//AFOP-1M
USCINCPAC REP PHILIPPINES SUBIC BAY RP

UNCLAS//NOA000//
SECTION 01 OF 02
MSGID/SYS RNM/USCINCPAC JH//
AMPH/SUBJ: FY-89 FIRST QUARTER TITLE TO HUMANITARIAN/CIVIC
ASSISTANCE (NCA) AFTER ACTION REPORT
REF/AMSG/SECDEF WASHINGTON DC/281042JAN89//
PRIORITY THIS MESSAGE PROVIDES AFTER-ACTION REPORT ON USCINCPAC
FY-89 TITLE TO NCA PROJECTS EXECUTED DURING THE FIRST QUARTER OF
FY-89 (RTT REF: (A))

1. THYCON "RUBY" UNSANG MEDCAPS/CONSTRUCTION PROJECTS
A. RECIPIENT COUNTRY PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECT THIS PROGRAM PROVIDED
MEDICAL SUPPLIES FOR SIX MEDCAPS IN BATAAN ZAMBALES PAMPANGA
AND TARIAC PROVINCES AND CONSTRUCTION MATERIALS TO REPAIR SEVEN
SCHOOLS IN PAMPANGA AND TARIAC PROVINCES THAT WERE BADLY DAMAGED
BY THYCON RUBY

(1) MEDCAPS FOLLOW
(A) 4 NOV 88 ARAYAT PAMPANGA RP (596 PATIENTS)
\$1,245
(B) 9 NOV 88 SAN SIMON PAMPANGA RP (1,188
PATIENTS) \$1,485
(C) 10 NOV 88 LA PAZ TARIAC RP (1,858 PATIENTS)
\$1,770
(D) 18 NOV 88 DINALUPINAN BATAAN RP (500
PATIENTS) \$1,204
(E) 24 NOV 88 DENCAP AT DINALUPINAN BATAAN RP
(257 PATIENTS) \$1,471
(F) 2 DEC 88 LOOC CACTI VELJOR ZAMBALES RP (500
PATIENTS) \$750

(G) ADDITIONAL MEDCAPS ARE PLANNED FOR TBA ZAMBALES
AND FOR THE PROVINCES OF ABUYAN PILAR DAVAO AND MARILAO IN
BATAAN (TOTAL COST OF SUPPLIES IS \$7,899)

(2) CONSTRUCTION PROJECTS \$3,500 IN CONSTRUCTION
MATERIAL WAS PURCHASED IN NOV 88 AND RECEIVED IN JANUARY 1989
ALL SEVEN SCHOOLS HAVE BEEN REPAIRED AND ARE LOCATED IN PAMPANGA
AND TARIAC PROVINCES

C. DATES OF PROJECTS ABOVE
D. TYPE AND SIZE OF UNITS SIZE OF TEAM (FOR A, B, AND C)
WAS 15 USAF PERSONNEL (17FW/CA) AND DEPENDENT VOLUNTEERS, 20
PHILIPPINE PHYSICIANS, 20 PHILIPPINE NURSES AND 20 PHILIPPINE
NIDWIVES. FOR D, E, AND F APPROXIMATELY 15 NAVAL PERSONNEL FROM
NAVAL HOSPITAL AND DENTAL CLINIC SUBIC ASSISTED BY PHILIPPINE
PHYSICIANS AND NURSES

E. U.S. DOLLAR COST OF CONSUMABLES \$14,500 FOR MEDCAPS AND
\$5,500 FOR CONSTRUCTION PROJECTS

F. OBJECTIVE ACHIEVED BROUGHT BOTH U.S. PRESENCE AND NEEDED
MEDICAL/CONSTRUCTION ASSISTANCE TO REMOTE PARTS OF PROVINCES
SURROUNDING CLARK AB THUS INCREASING U.S. PRESENCE, RECEPTIVITY
AND RELATIONS WHILE PROMOTING A PRO-AMERICAN ANTI-COMMUNIST
SENTIMENT AMERICAN PRESENCE WHILE KNOWN IS SELDOM SEEN IN
THESE REMOTE AREAS. PROJECTS ALLOWED U.S. PRESENCE IN A HIGHLY
FAVORABLE LIGHT

2. MEDCAPS IOW COPE THUNDER EXERCISES

A. RECIPIENT COUNTRY PHILIPPINES
B. DESCRIPTION/LOCATION OF PROJECT MEDICAL AND DENTAL CIVIC
ACTION PROJECTS CONDUCTED IOW COPE THUNDER EXERCISES SPREAD
THROUGHOUT THE IOW IN WESTERN TARIAC PAMPANGA AND ZAMBALES
PROVINCE (TOTAL OF \$42,000 ALLOCATED FOR FY89). FIRST QUARTER
PROJECTS WERE

(1) 7 DEC 88 LOURDES BAMBAN TARIAC RP (1,928

JCS
ACTION USDP-FILE(1) (U) 787
INFO CJC/S(1) J2/S(1) J3 JRC(1) NIDS(1) J7(6) J5(1)
DUAL CONTROL(1) J5-MEAF-J1(1) SECDEF-N(1) USDP-ISA(1)
USDP-DSAA(4) USDP-FHRA(1) USDP-POL(1) USDP-LOS(1)
USDP-LIC(1) USDP-HUMAN(1)

MCN#89095/01232 TOR#89095/03422

PATIENTS) \$3,507

(2) 18 DEC 88 MARAWI CAMELING TARIAC RP (1,108
PATIENTS) \$1,832

C. DATES OF PROJECT ABOVE

D. TYPE AND SIZE OF UNITS MEDCAP TEAM CONSISTED OF 15 USAF
PERSONNEL FROM THE 37FW/CA AT CLARK AB AUGMENTED BY 20 PHILIPPINE
PHYSICIANS, 20 PHILIPPINE NURSES AND 20 PHILIPPINE NIDWIVES

E. U.S. DOLLAR COST OF CONSUMABLES \$3,130

F. OBJECTIVE ACHIEVED BROUGHT BOTH U.S. PRESENCE AND NEEDED
MEDICAL/CONSTRUCTION ASSISTANCE TO REMOTE PARTS OF PROVINCES
SURROUNDING CLARK AB THUS INCREASING U.S. PRESENCE, RECEPTIVITY
AND RELATIONS WHILE PROMOTING A PRO-AMERICAN ANTI-COMMUNIST
SENTIMENT AMERICAN PRESENCE WHILE KNOWN IS SELDOM SEEN IN
THESE REMOTE AREAS. PROJECTS ALLOWED U.S. PRESENCE IN A HIGHLY
FAVORABLE LIGHT

4. ISAFAC TACTICAL HOSPITAL DEPLOYMENT

A. RECIPIENT COUNTRY PHILIPPINES

B. DESCRIPTION/LOCATION OF PROJECT TAC HOSPITAL DEPLOYED TO
BASA AB PAMPANGA RP IOW JCS EXERCISE BALIKATAN 88, 9-13 DEC 88
(13,837 PATIENTS) COSTING \$35,202

C. DATES OF PROJECT ABOVE

D. TYPE AND SIZE OF UNIT 51ST AF MEDICAL PERSONNEL 16
ARMED FORCES OF THE PHILIPPINES MEDICAL PERSONNEL AND 6 PHYSICIANS
FROM THE PROVINCIAL HEALTH OFFICE IN PAMPANGA

E. U.S. DOLLAR COST OF CONSUMABLES \$35,202

F. OBJECTIVE ACHIEVED IT ALLOWED USAF PHYSICIANS TO WORK
JOINTLY WITH PAF PHYSICIANS IN A DISPLAY OF GOODWILL TO THE
PHILIPPINE POPULACE. THE PEOPLE TREATED REQUIRED MEDICAL
ATTENTION AND PROBABLY WOULD NEVER HAVE RECEIVED IT WITHOUT THIS
PROJECT

5. BANGLADESH MEDICAL EXERCISE

A. RECIPIENT COUNTRY BANGLADESH

B. DESCRIPTION AND SPECIFIC LOCATION OF PROJECT EXERCISE

BAKER BULLET WAS A COMBINED MEDICAL EXERCISE BETWEEN U.S. ARMY
WESTERN COMMAND AND THE BANGLADESH ARMY PROVIDED TRAINING ON THE
TREATMENT AND DIAGNOSIS OF TROPICAL DISEASE FOUND IN BANGLADESH.
THE U.S. PARTICIPANTS PROVIDED BOTH BANGLADESH MEDICS AND DOCTORS
INFORMATION ON THE U.S. TECHNIQUES FOR TREATMENT OF BATTLE
CASUALTIES. 40 BANGLADESH MEDICS WORKED WITH THE U.S.
PARTICIPANTS FOR 10 DAYS. TWO SETS OF 20 BANGLADESH DOCTORS
WORKED WITH THE AMERICAN DOCTORS FOR 5 DAYS. THE LOCATION FOR THE
EXERCISE WAS DHAKA AND BOHRA

C. DATES OF THE PROJECT 9 NOVEMBER THROUGH 3 DECEMBER 1988

D. TYPE AND SIZE OF UNIT SPECIAL FORCES "A" TEAM

E. U.S. DOLLAR COSTS OF CONSUMABLES \$3,500 OF TITLE 10

F. OBJECTIVES ACHIEVED ALL WESTON DESIGNATED EXERCISE
OBJECTIVES WERE ACHIEVED. THESE INCLUDED GAINING A KNOWLEDGE OF
BANGLADESHI MEDICAL EXPERTISE CONTRIBUTING TO THE BANGLADESH
ARMY'S ABILITY TO TREAT CIVILIAN ACCIDENT AS WELL AS MILITARY
CASUALTIES, DEMONSTRATING AND GAINING HANDS ON EXPERIENCE IN THE

UNCLAS//NOA000//

FINAL SECTION OF 02

USE OF MEDICAL CONSUMABLES PROVIDED BY THE U.S. IN CONTINGENCY
NATURAL DISASTER RELIEF SITUATIONS

6. NACA IOW BALIKATAN EXERCISE

A. RECIPIENT COUNTRY PHILIPPINES

B. DESCRIPTION AND SPECIFIC LOCATION OF PROJECT THIS

PROGRAM PROVIDED MEDICAL AND DENTAL SUPPLIES FOR A MEDCAP AND A
DENCAP IN NUEVA ECIZA PROVINCE RP. SPECIFIC PROJECTS WERE

(1) 2 - 16 DEC 88 MEDCAP AT FORT MAGSAYSAY NUEVA ECIZA
RP (9,731 PATIENTS) \$8,909

(2) 2 - 15 DEC 88 DENCAP AT FORT MAGSAYSAY NUEVA ECIZA
RP (1,018 PATIENTS) \$2,000

C. DATES OF PROJECT ABOVE

D. TYPE AND SIZE OF UNIT PHYSICIANS AND DENTISTS FROM THE
NAVAL HOSPITAL AND DENTAL CLINIC AT SUBIC BAY ASSISTED BY
PHILIPPINE PHYSICIANS AND NURSES FROM THE ARMED FORCES OF THE
PHILIPPINES

E. U.S. DOLLAR COST OF CONSUMABLES \$8,909 FOR MEDCAP AND
\$2,000 FOR DENCAP

F. OBJECTIVES ACHIEVED MEDICAL DENTAL ASSISTANCE PROGRAMS
PROVIDE THE RARE OPPORTUNITY FOR MANY INDIGENOUS PERSONNEL TO
RECEIVE BASIC HEALTH AND HYGIENE CARE. THEY ALSO PROVIDE VALUABLE
TRAINING OPPORTUNITIES FOR U.S. MILITARY HEALTH CARE PERSONNEL

CDSN#MAU714

PAGE 1 OF 2
050332Z APR 89
02 REPT MSG

UNCLASSIFIED

UNCLASSIFIED

JCS INFORMATION
SERVICE CENTERTHESE ACTIVITIES HAVE A STRONG POSITIVE IMPACT ON U.S.-FILIPINO
RELATIONS

7. SUMMARY OF FY-89 FIRST QUARTER PROJECTS BY COUNTRY:

A. PHILIPPINES \$77,250

B. BANGLADESH \$3,500

C. TOTAL \$74,750

8. USCINCPAC POC IS MAJ VONDERHOFF. AUTOMON 477-0923 OR COMH

(808 477-0922) BT

MCN*89095 01202 TOR*89095 03402 TAD*89095 11132

CDSN*MAUT12

UNCLASSIFIED

PAGE 2 OF 2
050330Z APR 89
02 SECT MSG



DEPARTMENT OF DEFENSE
UNITED STATES SOUTHERN COMMAND
APO MIAMI 34003



SCJ3-DJTF-J7

11 January 1990

MEMORANDUM FOR: Director, Office of Humanitarian Assistance
ATTN: COL George D'Angelo

SUBJECT: USSOUTHCOM HCA FY 1989 Report

1. USSOUTHCOM HCA Fiscal Year 1989 expenditures total: \$ 2,324,300
as follows:

a. Honduras:	\$ 1,173,940	Encl 1
b. Bolivia:	\$ 271,871	Encl 2
c. Guatemala:	\$ 128,763	Encl 3
d. Costa Rica:	\$ 150,959	Encl 4
e. Chile:	\$ 3,259	Encl 5
f. Ecuador:	\$ 0	Encl 6
g. Paraguay:	\$ 96,613	Encl 7
h. Uruguay:	\$ 90,000	Encl 8
i. Belize:	\$ 133	Encl 9
j. Columbia:	\$ 0	Encl 10
k. Guyana:	\$ 224,987	Encl 11
l. Peru:	\$ 50,975	Encl 12
m. Transfer CINCLANT	\$ 132,675	N/A

2. This memorandum contains 19 pages.

CF:
USARSO/DCRM
(Capt Lukavec)

Norman K. Rockholt
NORMAN K. ROCKHOLT
CAPT. USAF
Civic Action Officer

REPUBLIC OF HONDURAS

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-001-HO-001
ACTIVITY: Engineer
LOCATION: Siguatepeque, Dept. of Comayagua
COST: \$ 18,512
- (02) PROJECT CONTROL NUMBER: SC89-002-HO-002
ACTIVITY: Engineer
LOCATION: Barrio El Carmen, Dept. of Comayagua
COST: \$ 0
- (03) PROJECT CONTROL NUMBER: SC89-003-HO-003
ACTIVITY: Engineer
LOCATION: Colonia Antonio Mata, Dept of Comayagua
COST: \$ 2,368
- (04) PROJECT CONTROL NUMBER: SC89-004-HO-004
ACTIVITY: Engineer
LOCATION: Barrio El Carmen, Dept. of Comayagua
COST: \$ 13,954
- (05) PROJECT CONTROL NUMBER: SC89-005-HO-005
ACTIVITY: Engineer
LOCATION: Ajuterique, Comayagua
COST: \$ 7,922
- (06) PROJECT CONTROL NUMBER: SC89-006-HO-006
ACTIVITY: Engineer
LOCATION: Virginia Medal de Fajardo
COST: \$ 8,596
- (07) PROJECT CONTROL NUMBER: SC89-008-HO-007
ACTIVITY: Engineer
LOCATION: Los Chorrillos, Cortes
COST: \$ 8,665
- (08) PROJECT CONTROL NUMBER: SC89-009-HO-008
ACTIVITY: Engineer
LOCATION: La Independencia, Comayagua
COST: \$ 36,760
- (09) PROJECT CONTROL NUMBER: SC89-013-HO-009
ACTIVITY: Engineer
LOCATION: Pompilio Ortega Kinder
COST: \$ 3,611

Republic of Honduras (continued)

- (10) PROJECT CONTROL NUMBER: SC89-014-HO-010
ACTIVITY: Engineer
LOCATION: Barrio Cabanas, Comayagua
COST: \$ 3,586
- (11) PROJECT CONTROL NUMBER: SC89-015-HO-011
ACTIVITY: Engineer
LOCATION: La Paz, Comayagua
COST: \$ 31,893
- (12) PROJECT CONTROL NUMBER: SC89-016-HO-012
ACTIVITY: Engineer
LOCATION: El Taldro, Comayagua
COST: \$ 0 Project cancelled
- (13) PROJECT CONTROL NUMBER: SC89-017-HO-013
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (14) PROJECT CONTROL NUMBER: SC89-018-HO-014
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (15) PROJECT CONTROL NUMBER: SC89-019-HO-015
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (16) PROJECT CONTROL NUMBER: SC89-020-HO-016
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project Cancelled
- (17) PROJECT CONTROL NUMBER: SC89-021-HO-017
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (18) PROJECT CONTROL NUMBER: SC89-028-HO-018
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.

Republic of Honduras (continued)

- (19) PROJECT CONTROL NUMBER: SC89-029-HO-019
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (20) PROJECT CONTROL NUMBER: SC89-030-HO-020
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (21) PROJECT CONTROL NUMBER: SC89-031-HO-021
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (22) PROJECT CONTROL NUMBER: SC89-032-HO-022
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (23) PROJECT CONTROL NUMBER: SC89-033-HO-023
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (24) PROJECT CONTROL NUMBER: SC89-034-HO-024
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (25) PROJECT CONTROL NUMBER: SC89-035-HO-025
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (26) PROJECT CONTROL NUMBER: SC89-036-HO-026
ACTIVITY: Engineer
LOCATION: San Pedro
COST: \$ 39,996
- (27) PROJECT CONTROL NUMBER: SC89-037-HO-027
ACTIVITY: Engineer
LOCATION: La Rosa
COST: \$ Added in w/item 26
- (28) PROJECT CONTROL NUMBER: SC89-038-HO-028
ACTIVITY: Engineer
LOCATION: Tocoa
COST: \$ Added in w/item 26

Enclosure 1

Page 3 of 7

Republic of Honduras (continued)

- (29) PROJECT CONTROL NUMBER: SC89-041-HO-029
ACTIVITY: Engineer
LOCATION: Luis Alonso Tejada
COST: \$ 69
- (30) PROJECT CONTROL NUMBER: SC89-042-HO-030
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (31) PROJECT CONTROL NUMBER: SC89-043-HO-031
ACTIVITY: Engineer
LOCATION: ~~Unknown~~ La Paz, Department of Comayagua
COST: \$ 2,784
- (32) PROJECT CONTROL NUMBER: SC89-044-HO-032
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (33) PROJECT CONTROL NUMBER: SC89-045-HO-033
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (34) PROJECT CONTROL NUMBER: SC89-046-HO-034
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (35) PROJECT CONTROL NUMBER: SC89-047-HO-035
ACTIVITY: Engineer
LOCATION: Ramon Rosa, Yojoa
COST: \$ 3,331
- (36) PROJECT CONTROL NUMBER: SC89-048-HO-036
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (37) PROJECT CONTROL NUMBER: SC89-049-HO-037
ACTIVITY: Engineer
LOCATION: Ramon Rosa, Yojoa
COST: \$ 0
- (38) PROJECT CONTROL NUMBER: SC89-050-HO-038
ACTIVITY: Engineer
LOCATION: Puerto Castilla
COST: \$ 9,007

Republic of Honduras (continued)

- (39) PROJECT CONTROL NUMBER: SC89-054-HO-039
ACTIVITY: Engineer
LOCATION: San Lorenzo
COST: \$ 79,120
- (40) PROJECT CONTROL NUMBER: SC89-055-HO-040
ACTIVITY: Engineer
LOCATION: Ahuas Tara
COST: \$ 22,657
- (41) PROJECT CONTROL NUMBER: SC89-056-HO-041
ACTIVITY: Medical
LOCATION: Atlantida, Comayagua, and Yoro
COST: \$ 201,511
- (42) PROJECT CONTROL NUMBER: SC89-063-HO-042
ACTIVITY: Medical
LOCATION: San Lorenzo, Choluteca
COST: \$ 0
- (43) PROJECT CONTROL NUMBER: SC89-064-HO-043
ACTIVITY: Medical
LOCATION: Yoro
COST: \$ 0 Project cancelled.
- (44) PROJECT CONTROL NUMBER: SC89-065-HO-044
ACTIVITY: Medical
LOCATION: Santa Barbara
COST: \$ 22,291
- (45) PROJECT CONTROL NUMBER: SC89-066-HO-045-A
ACTIVITY: Engineer
LOCATION: Tocoa Industrial Arts, Yoro
COST: \$ 35,986
- (46) PROJECT CONTROL NUMBER: SC89-066-HO-045-B
ACTIVITY: Medical
LOCATION: Yoro
COST: \$ 9,619
- (47) PROJECT CONTROL NUMBER: SC89-091-HO-046-A
ACTIVITY: Engineer
LOCATION: San Lorenzo, Yoro
COST: \$ 60,509
- (48) PROJECT CONTROL NUMBER: SC89-091-HO-046-B
ACTIVITY: Medical
LOCATION: San Lorenzo, Yoro
COST: \$ 26,495

Republic of Honduras (continued)

- (49) PROJECT CONTROL NUMBER: SC89-092-HO-047
ACTIVITY: Engineer
LOCATION: Jose Cecilio del Valle Clinic (Soto Cano AB)
COST: \$ 57,157
- (50) PROJECT CONTROL NUMBER: SC89-093-HO-048
ACTIVITY: Medical
LOCATION: Lempira/Atlantida
COST: \$ 0 Project cancelled.
- (51) PROJECT CONTROL NUMBER: SC89-094-HO-049
ACTIVITY: Medical
LOCATION: Lempira/Atlantida
COST: \$ 64,316
- (52) PROJECT CONTROL NUMBER: SC89-095-HO-050
ACTIVITY: Medical
LOCATION: Fuertes Caminos 89/North
COST: \$ 0 Project cancelled.
- (53) PROJECT CONTROL NUMBER: SC89-116-HO-051
ACTIVITY: Engineer
LOCATION: Cabanas 89
COST: \$ 12,532
- (54) PROJECT CONTROL NUMBER: SC89-117-HO-052
ACTIVITY: Engineer
LOCATION: La Paz, Comayagua
COST: \$ 68,739
- (55) PROJECT CONTROL NUMBER: SC89-118-HO-053
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled.
- (56) PROJECT CONTROL NUMBER: SC89-119-HO-054
ACTIVITY: Engineer
LOCATION: Choluteca
COST: \$ 78,483
- (57) PROJECT CONTROL NUMBER: SC89-120-HO-055
ACTIVITY: Engineer
LOCATION: El Paraiso District, Capire
COST: \$ 0
- (58) PROJECT CONTROL NUMBER: SC89-121-HO-056
ACTIVITY: Engineer
LOCATION: Kings Guard
COST: \$ 0

Republic of Honduras (continued)

- (59) PROJECT CONTROL NUMBER: SC89-122-HO-057
ACTIVITY: Engineer
LOCATION: Casa La Esperanza, Valle San Lorenzo
COST: \$ 19,808
- (60) PROJECT CONTROL NUMBER: Unknown
ACTIVITY: Medical
LOCATION: Field Hospital (Medical Outreach Program)
COST: \$ 223,663

REPUBLIC OF BOLIVIA

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-011-BL-001
ACTIVITY: Engineer
LOCATION: Viacha, Achacachi
COST: \$ 39,240
- (02) PROJECT CONTROL NUMBER: SC89-051-BL-002
ACTIVITY: Engineer
LOCATION: La Paz
COST: \$ 61,231
- (03) PROJECT CONTROL NUMBER: SC89-057-BL-003
ACTIVITY: Medical
LOCATION: Oruro
COST: \$ 22,110
- (04) PROJECT CONTROL NUMBER: SC89-059-BL-004
ACTIVITY: Medical
LOCATION: Oruro
COST: \$ 0 (FY 88 Funds used)
- (05) PROJECT CONTROL NUMBER: SC89-076-BL-005
ACTIVITY: Medical
LOCATION: Oruro
COST: \$ 0 (FY 88 Funds used)
- (06) PROJECT CONTROL NUMBER: SC89-077-BL-006
ACTIVITY: Medical
LOCATION: Oruro
COST: \$ 24,960
- (07) PROJECT CONTROL NUMBER: SC89-078-BL-007
ACTIVITY: Medical
LOCATION: Oruro
COST: \$ 35,000
- (08) PROJECT CONTROL NUMBER: SC89-079-BL-008
ACTIVITY: Dental
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (09) PROJECT CONTROL NUMBER: SC89-080-BL-009
ACTIVITY: Dental
LOCATION: Vic. Tequena
COST: \$ 6,885

Republic of Bolivia (continued)

- (09) PROJECT CONTROL NUMBER: SC89-081-BL-010
ACTIVITY: Dental
LOCATION: Vic. Tequena
COST: \$ 30,000
- (10) PROJECT CONTROL NUMBER: SC89-082-BL-011
ACTIVITY: Dental
LOCATION: Vic. Tequena
COST: \$ 0
- (11) PROJECT CONTROL NUMBER: SC89-100-BL-012
ACTIVITY: Dental
LOCATION: Vic. Tequena
COST: \$ 0
- (12) PROJECT CONTROL NUMBER: SC89-101-BL-013
ACTIVITY: Dental
LOCATION: Vic. Tequena
COST: \$ 0
- (13) PROJECT CONTROL NUMBER: SC89-102-BL-014
ACTIVITY: Dental
LOCATION: Vic. Tequena
COST: \$ 0
- (14) PROJECT CONTROL NUMBER: SC89-103-BL-015
ACTIVITY: Dental
LOCATION: Vic. Tequena
COST: \$ 0
- (15) PROJECT CONTROL NUMBER: SC89-104-BL-016
ACTIVITY: Medical/Engineer
LOCATION: Villa Montes
COST: \$ 0
- (16) PROJECT CONTROL NUMBER: SC89-105-BL-017
ACTIVITY: Medical/Engineer
LOCATION: Trinidad
COST: \$ 9,809
- (17) PROJECT CONTROL NUMBER: SC89-106-BL-018
ACTIVITY: Medical/Engineer
LOCATION: Unknown Crura
COST: \$ 8,526
- (18) PROJECT CONTROL NUMBER: SC89-109-BL-019
ACTIVITY: Engineer
LOCATION: El Molino, Chaqui
COST: \$ 34,110

REPUBLIC OF GUATEMALA

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-010-GT-001
ACTIVITY: Engineer
LOCATION: San Jose Chacaya, Solola
COST: \$ 32,959
- (02) PROJECT CONTROL NUMBER: SC89-040-GT-002
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (03) PROJECT CONTROL NUMBER: SC89-052-GT-003
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (04) PROJECT CONTROL NUMBER: SC89-083-GT-004
ACTIVITY: Medical
LOCATION: Chimaltenango Region
COST: \$ 0 Project cancelled
- (05) PROJECT CONTROL NUMBER: SC89-084-GT-005
ACTIVITY: Medical
LOCATION: Xepitan, Choatalum, Cheriuyu
COST: \$ 27,234
- (06) PROJECT CONTROL NUMBER: SC89-085-GT-006
ACTIVITY: Medical
LOCATION: Vic. Chimaltenango
COST: \$ 28,370
- (07) PROJECT CONTROL NUMBER: SC89-086-GT-007
ACTIVITY: Medical
LOCATION: Chimaltenango
COST: \$ 40,000

REPUBLIC OF COSTA RICA

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-007-CS-001
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (02) PROJECT CONTROL NUMBER: SC89-039-CS-002
ACTIVITY: Engineer
LOCATION: Camino de la Paz
COST: \$ 108,087
- (03) PROJECT CONTROL NUMBER: SC89-053-CS-003
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (04) PROJECT CONTROL NUMBER: SC89-087-CS-004
ACTIVITY: Dental
LOCATION: Bri Bri and Corina, Limon Province
COST: \$ 4,000
- (05) PROJECT CONTROL NUMBER: SC89-088-CS-005
ACTIVITY: Dental
LOCATION: Limon
COST: \$ 10,000
- (06) PROJECT CONTROL NUMBER: SC89-089-CS-006
ACTIVITY: Medical
LOCATION: Corina, Shiroles
COST: \$ 3,872
- (07) PROJECT CONTROL NUMBER: SC89-090-CS-007
ACTIVITY: Medical
LOCATION: Vic. Limon
COST: \$ 25,000
- (08) PROJECT CONTROL NUMBER: SC89-097-CS-008
ACTIVITY: Engineer
LOCATION: Caminos de la Paz
COST: \$ 0 Project cancelled

734

REPUBLIC OF CHILE

HCA FY 89

(01) PROJECT CONTROL NUMBER: SC89-070-CI-001
ACTIVITY: Medical
LOCATION: ~~Unknown~~ (Fuerzas Unidas 89) Pehidangu
COST: \$ 3,259

Enclosure 5

Page 1 of 1

REPUBLIC OF ECUADOR

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-060-EC-001
ACTIVITY: Engineer
LOCATION: Unknown (Fuerzas Unidas 89)
COST: \$ 0 Project cancelled
- (02) PROJECT CONTROL NUMBER: SC89-068-EC-002
ACTIVITY: Medical
LOCATION: Riobamba and Latacunga
COST: \$ 0 Project cancelled

REPUBLIC OF PARAGUAY

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-061-PA-001
ACTIVITY: Engineer
LOCATION: ~~Unknown~~ (Fuerzas Unidas 89) Leguna Negra
COST: \$ ~~46,975~~ 49,000
- (02) PROJECT CONTROL NUMBER: SC89-071-PA-002
ACTIVITY: Medical
LOCATION: Leguna Negra, Nueva Asuncion, Mariscal, and Santa
Teresita
COST: \$ ~~40,000~~ 47,613
- (03) PROJECT CONTROL NUMBER: -SC89-098-PA-003
ACTIVITY: Medical/Engineer
LOCATION: Unknown (Fuerzas Unidas 89)
COST: \$ 0 Project cancelled

REPUBLIC OF URAGUAY

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-062-UY-001
 ACTIVITY: Engineer
 LOCATION: Montevideo
 COST: \$ 90,000
- (02) PROJECT CONTROL NUMBER: SC89-074-UY-002
 ACTIVITY: Medical
 LOCATION: Unknown (Fuerzas Unidas 89)
 COST: \$ 0 Project cancelled

Enclosure 8

Page 1 of 1

REPUBLIC OF BELIZE

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-075-BH-001
ACTIVITY: Medical
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (02) PROJECT CONTROL NUMBER: SC89-069-BH-002
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 133 Project cancelled Supplies ordered prior to cancellation

739

REPUBLIC OF COLUMBIA

HCA FY 89

(01) PROJECT CONTROL NUMBER: SC89-069-CO-001
ACTIVITY: Medical
LOCATION: Unknown (Fuerzas Unidas 89)
COST: \$ 0 Project cancelled

Enclosure 10

Page 1 of 1

REPUBLIC OF GUYANA

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-113-GY-001
ACTIVITY: Engineer
LOCATION: Lancaster and Soesdyke
COST: \$ 124,987
- (02) PROJECT CONTROL NUMBER: SC89-114-GY-002
ACTIVITY: Medical
LOCATION: Vic. Kato
COST: \$ 50,000
- (03) PROJECT CONTROL NUMBER: SC89-115-GY-003
ACTIVITY: Medical
LOCATION: Vic. Kato
COST: \$ 50,000

REPUBLIC OF PERU

HCA FY 89

- (01) PROJECT CONTROL NUMBER: SC89-012-PE-001
ACTIVITY: Engineer
LOCATION: Unknown
COST: \$ 0 Project cancelled
- (02) PROJECT CONTROL NUMBER: SC89-072-PE-002
ACTIVITY: Medical
LOCATION: ~~Unknown~~ (Fuerzas Unidas 89) Lambayeque, Chiclayo
COST: \$ 40,975
- (03) PROJECT CONTROL NUMBER: SC89-073-PE-003
ACTIVITY: Medical
LOCATION: Ancon
COST: \$ 10,000
- (04) PROJECT CONTROL NUMBER: SC89-096-PE-004
ACTIVITY: Medical
LOCATION: Unknown (Fuerzas Unidas 89)
COST: \$ 0 Project cancelled

General AHEARN. The following is the requested information for the past 3 years:

AIR FORCE ENGINEERING TRAINING UNDER HUMANITARIAN/CIVIC ACTION
FOR PROJECT YEAR 1988

COUNTRY: Federated States of Micronesia (FSM) LOCATION: Moen Island
PROJECT DESCRIPTION: TKK 87-2-4 Provided routine maintenance of roads on Moen Island, including grading and rolling unimproved areas.
DURATION: 15 days PERSON DAYS: 40
TYPE OF CONSTRUCTION: Road maintenance
TRAINING OBJECTIVE: Improve heavy equipment operator skills.
PROJECT COST: .00
COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
PROJECT DESCRIPTION: PNI 89-4A Repair ballfield fence.
DURATION: 1 day PERSON DAYS: 2
TYPE OF CONSTRUCTION: Fence repair
TRAINING OBJECTIVE: Improve welding/fence repair skills.
PROJECT COST: .00
COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
PROJECT DESCRIPTION: PNI 89-2A/89-3A Haul 10 CY gravel and 15 CY sand for Kittli municipality.
DURATION: 2 days PERSON DAYS: 3
TYPE OF CONSTRUCTION: Site work
TRAINING OBJECTIVE: Improve equipment operator skills.
PROJECT COST: \$245.00
COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
PROJECT DESCRIPTION: PNI 89-1A Haul 365 CY of coral & assist public works in road work.
DURATION: 1 month PERSON DAYS: 19
TYPE OF CONSTRUCTION: Site work
TRAINING OBJECTIVE: Improve equipment operator skills.
PROJECT COST: \$2,473.00
COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-10A Landscape weather station.
 DURATION: 4 days PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve soil stabilization skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 87-2-3 Miscellaneous technical assistance to Truk public works crews on non-emergency construction jobs.
 DURATION: 32 days PERSON DAYS: 80
 TYPE OF CONSTRUCTION: Project management
 TRAINING OBJECTIVE: Improve project management skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 88-18 Repair electrical power lines at Catholic mission.
 DURATION: 45 days PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Electrical repair
 TRAINING OBJECTIVE: Improve exterior electrical skills.
 PROJECT COST: \$300.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 87-2-9 Repair electrical system at Truk high school vocational and education buildings
 DURATION: 34 days PERSON DAYS: 71
 TYPE OF CONSTRUCTION: Electrical repair
 TRAINING OBJECTIVE: Improve interior electrical skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 87-9 Repair three floating boat docks by removing rotted wood members and replacing with new wood.
 DURATION: 3 Months PERSON DAYS: 73
 TYPE OF CONSTRUCTION: Wood repair
 TRAINING OBJECTIVE: Improve carpentry skills.
 PROJECT COST: \$2,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 88-13 Repair plumbing and electrical systems at St Cecilia school.
 DURATION: 1 month PERSON DAYS: 18
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve plumbing and electrical skills.
 PROJECT COST: \$589.30
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 88-17 Resurface driveway at St Cecilia school.
 DURATION: 15 days PERSON DAYS: 6
 TYPE OF CONSTRUCTION: Road repair
 TRAINING OBJECTIVE: Improve heavy equipment and paving skills.
 PROJECT COST: \$200.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Soto Cano
 PROJECT DESCRIPTION: AN-900 Design vertical and horizontal construction projects for Soto Cano and Humanitarian/Civic Action (HCA) projects.
 DURATION: 2 weeks PERSON DAYS: 168
 TYPE OF CONSTRUCTION: Project design
 TRAINING OBJECTIVE: Improve construction project design skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Jamaica LOCATION: Jamaica
 PROJECT DESCRIPTION: 100-person Prime BEEF Air National Guard deployment for two weeks for Hurricane Gilbert relief effort.
 DURATION: 14 days PERSON DAYS: 1400
 TYPE OF CONSTRUCTION: Emergency recovery
 TRAINING OBJECTIVE: Improve emergency expedient repair skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Philippines LOCATION: Angeles City
 PROJECT DESCRIPTION: Seven paving projects in Capsa, Bamban, Angeles City, Floridablanca Porac, Mabalacat, Lubao.
 DURATION: 2 months PERSON DAYS: 0
 TYPE OF CONSTRUCTION: Horizontal
 TRAINING OBJECTIVE: Improve heavy equipment operator skills
 PROJECT COST: \$11,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Philippines LOCATION: Calzadang Bayu
 PROJECT DESCRIPTION: Minor school construction and repairs in Calzadang Bayu, Porac, Pampanga, Pulong Santol, and Pampanga.
 DURATION: 2 months PERSON DAYS: 0
 TYPE OF CONSTRUCTION: Vertical repair/construction
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: \$16,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

AIR FORCE ENGINEERING TRAINING UNDER HUMANITARIAN/CIVIC ACTION
FOR PROJECT YEAR 1989

COUNTRY: Costa Rica LOCATION: Puerto Jimenez
PROJECT DESCRIPTION: AN-912 Construct one room schools in Aguja,
Canaza, Sandalo, Amapola, and Puerto Jimenez.
DURATION: 2 weeks PERSON DAYS: 420
TYPE OF CONSTRUCTION: Vertical
TRAINING OBJECTIVE: Improve vertical construction skills.
PROJECT COST: .00
COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Costa Rica LOCATION: Puerto Jimenez
PROJECT DESCRIPTION: AN-913 Construct two room school in Gallardo
and Escondito.
DURATION: 2 weeks PERSON DAYS: 420
TYPE OF CONSTRUCTION: Vertical
TRAINING OBJECTIVE: Improve vertical construction skills.
PROJECT COST: .00
COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Costa Rica LOCATION: Puerto Jimenez
PROJECT DESCRIPTION: AN-914 Construct community centers in La Palma
and Puerto Jimenez.
DURATION: 2 weeks PERSON DAYS: 420
TYPE OF CONSTRUCTION: Vertical
TRAINING OBJECTIVE: Improve vertical construction skills
PROJECT COST: .00
COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
PROJECT DESCRIPTION: PNI 89-1 Construct 41' x 29' second story
addition to the Governor's office.
DURATION: 5 months PERSON DAYS: 476
TYPE OF CONSTRUCTION: Vertical
TRAINING OBJECTIVE: Improve vertical construction skills.
PROJECT COST: \$28,100.00
COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
PROJECT DESCRIPTION: PNI 89-27A Repair Temwen Island access road.
DURATION: 14 days PERSON DAYS: 21
TYPE OF CONSTRUCTION: Road repair
TRAINING OBJECTIVE: Improve heavy equipment operator skills.
PROJECT COST: \$1,300.00
COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-28A Grade Paliker school softball field.
 DURATION: 1 day PERSON DAYS: 4
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-29A Repair road to Nanphil hydro plant.
 DURATION: 2 days PERSON DAYS: 14
 TYPE OF CONSTRUCTION: Road repair
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$1,073.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-3 Landscape, provide drainage, refurbish playground at Sakere school.
 DURATION: 7 months PERSON DAYS: 39
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve soil stabilization skills.
 PROJECT COST: \$769.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-31A Upgrade Nipris road.
 DURATION: 4 days PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Road repair
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$98.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-32A Repair Lekie road.
 DURATION: 3 days PERSON DAYS: 2
 TYPE OF CONSTRUCTION: Road repair
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-33A Level hospital garden site.
 DURATION: 5 days PERSON DAYS: 43
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve soil stabilization skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-38A Repair Ohwa school road.
 DURATION: 4 days PERSON DAYS: 11
 TYPE OF CONSTRUCTION: Road repair
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$650.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-40A Grade Sapwalap ball field
 DURATION: 4 days PERSON DAYS: 25
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-13A Construct driveway for Ohmine school.
 DURATION: 3 weeks PERSON DAYS: 6
 TYPE OF CONSTRUCTION: Road work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-16A Haul fill material for Pohnpei Agriculture and Trade School.
 DURATION: 3 days PERSON DAYS: 12
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve equipment operator skills.
 PROJECT COST: \$1,167.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-19A Improve Power road.
 DURATION: 2 months PERSON DAYS: 31
 TYPE OF CONSTRUCTION: Road repair
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$975.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Pohnpei Island
 PROJECT DESCRIPTION: PNI 89-21A Improve ice plant road.
 DURATION: 3 days PERSON DAYS: 5
 TYPE OF CONSTRUCTION: Road repair
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$98.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 88-14 Drainage and grading improvements at public market.
 DURATION: 1 day PERSON DAYS: 1
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve soil stabilization skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-16 Level land for village meeting house.
 DURATION: 2 days PERSON DAYS: 4
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve soil stabilization skills.
 PROJECT COST: \$2,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-17 clear drainage ditch south side of runway.
 DURATION: 4 days PERSON DAYS: 4
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve equipment operator skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-18 Fabricated signs for schools, hospital, airport and fire department.
 DURATION: 5 days PERSON DAYS: 11
 TYPE OF CONSTRUCTION: Metal working
 TRAINING OBJECTIVE: Improve sheet metal fabrication skills.
 PROJECT COST: \$250.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: IKK 89-19 Haul rock to main village.
 DURATION: 1 day PERSON DAYS: 2
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve equipment operator skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-2 Repair fence at Iras school
 DURATION: 4 days PERSON DAYS: 9
 TYPE OF CONSTRUCTION: Fence repair
 TRAINING OBJECTIVE: Improve welding skills.
 PROJECT COST: \$400.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-21 Construct 40' x 300' parking lot for admin building
 DURATION: 10 days PERSON DAYS: 44
 TYPE OF CONSTRUCTION: Horizontal
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$1,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-22 Level area for village meeting house at Iras.
 DURATION: 1 day PERSON DAYS: 2
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$3,500.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-23 Fill, level, compact, and landscape area around Catholic church.
 DURATION: 21 days PERSON DAYS: 84
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve soil stabilization skills.
 PROJECT COST: \$10,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-24 Haul aggregate to Blue Lagoon dock.
 DURATION: 1 day PERSON DAYS: 1
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve equipment operator skills.
 PROJECT COST: \$100.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-25 Filled and leveled land for construction of village house.
 DURATION: 1 day PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve soil stabilization skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-32 Repair admin area at Public Safety function.
 DURATION: 3 days PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve carpentry skills.
 PROJECT COST: \$1,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-36 Dig out mud slide at village house.
 DURATION: 2 days PERSON DAYS: 2
 TYPE OF CONSTRUCTION: Site recovery
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-38 Haul and compact aggregate for Berea church.
 DURATION: 1 day PERSON DAYS: 1
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve equipment operator skills.
 PROJECT COST: \$200.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-39 Install water catchment at post office.
 DURATION: 4 days PERSON DAYS: 6
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve concrete/form building skills
 PROJECT COST: \$400.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-40 Installed ceiling fans at St. Cecilia.
 DURATION: 1 day PERSON DAYS: 1
 TYPE OF CONSTRUCTION: Electrical
 TRAINING OBJECTIVE: Improve electrical skills.
 PROJECT COST: \$200.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-43 Clear and level two 80' x 200' sites for municipal building on Poole.
 DURATION: 5 days PERSON DAYS: 33
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills
 PROJECT COST: \$500.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-44 Survey electrical distribution load at St. Cecilia.
 DURATION: 2 days PERSON DAYS: 2
 TYPE OF CONSTRUCTION: Electrical
 TRAINING OBJECTIVE: Improve electrical skills.
 PROJECT COST: \$300.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-45 Dig out mud slide at Tanuk village.
 DURATION: 4 days PERSON DAYS: 17
 TYPE OF CONSTRUCTION: Site recovery
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: \$2,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-46 Fill and level land for Iras village house. Construct access road.
 DURATION: 1 day PERSON DAYS: 5
 TYPE OF CONSTRUCTION: Site and road work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills
 PROJECT COST: \$1,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-47 Relocate aggregate and level land for classroom at Truk high school.
 DURATION: 1 day PERSON DAYS: 1
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-48 Grade and level land to construct church building at Sapuk Kokoni.
 DURATION: 3 days PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve heavy equipment operator skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-49 Haul fill material to Tanuk village.
 DURATION: 3 days PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Site work
 TRAINING OBJECTIVE: Improve equipment operator skills.
 PROJECT COST: \$200.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-50 Construct forms and pour pads on Falos.
 DURATION: 3 days PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Form work
 TRAINING OBJECTIVE: Improve concrete/form building skills.
 PROJECT COST: \$200.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-8 Construct room for recompression chamber.
 DURATION: 8 days PERSON DAYS: 17
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve carpentry and electrical skills.
 PROJECT COST: \$1,500.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-10 Repair water tank at St. Cecilia.
 DURATION: 1 day PERSON DAYS: 3
 TYPE OF CONSTRUCTION: Concrete work
 TRAINING OBJECTIVE: Improve concrete repair skills.
 PROJECT COST: \$300.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-11 Construct generator shed for Public Safety function.
 DURATION: 1 day PERSON DAYS: 5
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve carpentry and electrical skills.
 PROJECT COST: \$300.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-13 Repair showers at St. Cecilia.
 DURATION: 1 day PERSON DAYS: 9
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve plumbing and carpentry skills.
 PROJECT COST: \$400.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-14 Paint crosswalks for local schools.
 DURATION: 1 day PERSON DAYS: 1
 TYPE OF CONSTRUCTION: Pavement marking
 TRAINING OBJECTIVE: Improve pavement striping skills.
 PROJECT COST: \$100.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-908 Rehab Tocoa Vo-tech school.
 DURATION: 2 weeks PERSON DAYS: 350
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve vertical construction skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-909 Construct four schools.
 DURATION: 2 weeks PERSON DAYS: 420
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-910 Construct day care center warehouse.
 DURATION: 2 weeks PERSON DAYS: 420
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-911 Rehab Tocoa Vo-tech school.
 DURATION: 2 weeks PERSON DAYS: 686
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve construction repair skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Soto Cano
 PROJECT DESCRIPTION: AF-NDN Design vertical and horizontal construction projects for Soto Cano Air Base and Humanitarian/Civic Action (HCA) projects.
 DURATION: 5 months PERSON DAYS: 1500
 TYPE OF CONSTRUCTION: Project design
 TRAINING OBJECTIVE: Improve construction project design skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: FSM LOCATION: Truk Island
 PROJECT DESCRIPTION: TTK 89-14 Paint crosswalks for local schools.
 DURATION: 1 day PERSON DAYS: 1
 TYPE OF CONSTRUCTION: Pavement marking
 TRAINING OBJECTIVE: Improve pavement striping skills.
 PROJECT COST: \$100.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-908 Rehab Tocoa Vo-tech school.
 DURATION: 2 weeks PERSON DAYS: 350
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve vertical construction skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-909 Construct four schools.
 DURATION: 2 weeks PERSON DAYS: 420
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-910 Construct day care center warehouse.
 DURATION: 2 weeks PERSON DAYS: 420
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Jocon
 PROJECT DESCRIPTION: AN-911 Rehab Tocoa Vo-tech school.
 DURATION: 2 weeks PERSON DAYS: 686
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve construction repair skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Soto Cano
 PROJECT DESCRIPTION: AF-NDN Design vertical and horizontal construction projects for Soto Cano Air Base and Humanitarian/Civic Action (HCA) projects.
 DURATION: 5 months PERSON DAYS: 1500
 TYPE OF CONSTRUCTION: Project design
 TRAINING OBJECTIVE: Improve construction project design skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Jamaica LOCATION: Jamaica
 PROJECT DESCRIPTION: Six 50-person Air National Guard Prime BEEF team two-week deployments for Hurricane Gilbert relief effort.
 DURATION: 5 months PERSON DAYS: 4200
 TYPE OF CONSTRUCTION: Disaster recovery
 TRAINING OBJECTIVE: Improve emergency contingency repair skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Liberia LOCATION: Monrovia
 PROJECT DESCRIPTION: Repair of electrical/plumbing facilities at children's ward JFK hospital.
 DURATION: 2 weeks PERSON DAYS: 0
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve electrical and plumbing skills.
 PROJECT COST: \$25,000.00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

AIR FORCE ENGINEERING TRAINING UNDER HUMANITARIAN/CIVIC ACTION
FOR PROJECT YEAR 1990

COUNTRY: Bolivia LOCATION: La Paz
 PROJECT DESCRIPTION: AN-024 Repair Miraflores hospital
 DURATION: 2 weeks PERSON DAYS: 420
 TYPE OF CONSTRUCTION: Vertical repair
 TRAINING OBJECTIVE: Improve vertical construction repair skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Costa Rica LOCATION: Caminos De La Paz
 PROJECT DESCRIPTION: AN-015 thru AN-017 Construct three schools.
 DURATION: 6 weeks PERSON DAYS: 1680
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Choluteca
 PROJECT DESCRIPTION: AN-018 thru AN-020 Construct pre-engineered facility for gymnasium.
 DURATION: 6 weeks PERSON DAYS: 1680
 TYPE OF CONSTRUCTION: Vertical pre-engineered
 TRAINING OBJECTIVE: Improve pre-engineered building skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Choluteca
 PROJECT DESCRIPTION: AN-NDN Site survey for HCA project.
 DURATION: 1 week PERSON DAYS: 56
 TYPE OF CONSTRUCTION: Survey
 TRAINING OBJECTIVE: Improve site development skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Choluteca
 PROJECT DESCRIPTION: AR-017 thru AR-019 Rehab home for handicapped and construct school.
 DURATION: 6 weeks PERSON DAYS: 1400
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: Jamistran
 PROJECT DESCRIPTION: AR-013 thru AR-014 Construct school.
 DURATION: 4 weeks PERSON DAYS: 1120
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: Honduras LOCATION: Soto Cano
 PROJECT DESCRIPTION: AN-011 Design vertical and horizontal construction projects for Soto Cano Air Base and Humanitarian/Civic Action (HCA) projects.
 DURATION: 2 weeks PERSON DAYS: 98
 TYPE OF CONSTRUCTION: Project design
 TRAINING OBJECTIVE: Improve construction project design skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: Honduras LOCATION: San Lorenzo Abajo
 PROJECT DESCRIPTION: AN-012 thru AN-014 Construct 2 room school and fire station.
 DURATION: 6 weeks PERSON DAYS: 1680
 TYPE OF CONSTRUCTION: Vertical
 TRAINING OBJECTIVE: Improve vertical construction skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: USA LOCATION: Charleston County, SC
 PROJECT DESCRIPTION: Restored the county hospital & facilities for disadvantaged students and people receiving medical rehabilitation.
 DURATION: 2 weeks PERSON DAYS: 700
 TYPE OF CONSTRUCTION: Hurricane Hugo restoration
 TRAINING OBJECTIVE: Improve disaster recovery skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: USA LOCATION: Charleston County, SC
 PROJECT DESCRIPTION: Demolished county day care facility and began rebuilding a 3200 square foot building. Cleared drainage channels of debris & trees.
 DURATION: 2 weeks PERSON DAYS: 700
 TYPE OF CONSTRUCTION: Hurricane Hugo restoration
 TRAINING OBJECTIVE: Improve disaster recovery skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: USA LOCATION: Charleston, SC
 PROJECT DESCRIPTION: Restored city parks, including fences, area lights, concrete stadium, roofs, and mechanical systems.
 DURATION: 2 weeks PERSON DAYS: 700
 TYPE OF CONSTRUCTION: Hurricane Hugo restoration
 TRAINING OBJECTIVE: Improve disaster recovery skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

CIVIC ACTION/SIMILAR PROGRAM PROJECTS

COUNTRY: USA LOCATION: Charleston, SC
 PROJECT DESCRIPTION: Park restoration including demolition of damaged light poles, and repair of stadium steps, park fences, and playground equipment.
 DURATION: 2 weeks PERSON DAYS: 700
 TYPE OF CONSTRUCTION: Hurricane Hugo restoration
 TRAINING OBJECTIVE: Improve disaster recovery skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: USA LOCATION: North Charleston, SC
 PROJECT DESCRIPTION: Restoration of city recreation facility: floors and roof structure, windows and doors, electrical systems, new roof and siding.
 DURATION: 2 weeks PERSON DAYS: 700
 TYPE OF CONSTRUCTION: Hurricane Hugo restoration
 TRAINING OBJECTIVE: Improve disaster recovery skills
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

COUNTRY: USA LOCATION: North Charleston, SC
 PROJECT DESCRIPTION: Restoration of city recreation center including replacing floors, walls, plumbing systems, electrical systems and mechanical systems.
 DURATION: 2 weeks PERSON DAYS: 700
 TYPE OF CONSTRUCTION: Hurricane Hugo restoration
 TRAINING OBJECTIVE: Improve disaster recovery skills.
 PROJECT COST: .00
 COST REPORTED ABOVE NORMAL TRAINING: None reported

General AHEARN. Comments: Air Force Engineering and Services involvement in Humanitarian and Civic Action (HCA) projects include:

a. Our direct HCA involvement is in the Federated States of Micronesia (FSM), as part of a program managed by U.S. Pacific Command in conjunction with the U.S. Department of State. The Air Force has supported the HCA mission in Micronesia with a 13 person Civic Action Team (CAT) on the islands of Chuuk, formally Truk (since 1971), and Pohnpei (since 1988). The teams deployed to the FSM are composed of highly trained volunteers, selected through an extensive screening process. Applicants are selected based on their experience, qualifications and good conduct in the service. Each CAT rotates every 8 months.

b. Our indirect HCA projects are being accomplished by Air Force Engineering and Services teams in conjunction with construction support of military operational requirements. An example is the Air Force engineering support provided to Joint Task Force Bravo J5 office who provide limited HCA involvement in conjunction with Air Force operational deployments to upgrade facilities at Soto Cano AB, Honduras.

c. In addition, indirect HCA has also been accomplished during the Deployment for Training (DFT) projects developed by USSOUTHCOM for Air Force Reserves and Air National Guard deployments in Central and South America.

d. Other indirect HCA was accomplished during the Deployment for Training projects developed by USCINCLANT for Air Force Reserves and Air National Guard deployments in the Lesser Antilles island chain.

e. Indirect HCA was also accomplished when Air Force Engineering and Services base recovery teams deployed after natural disasters as exemplified by recovery activities after Hurricane Hugo.

Senator DIXON. Do you foresee that these sorts of activities will increase in the coming years?

General AHEARN. a: Unless USCINCPAC drastically increases activities, as approved by the U.S. State Department, we don't foresee our involvement increasing.

The U.S. Navy and the U.S. Army also participate in the region, so Air Force involvement is only a portion of total U.S. participation in the FSM.

b: Air Force active duty support to JTF-B is not expected to increase in the coming years.

c: The USSOUTHCOM area of responsibility (AOR) coincides with the target area of the Drug Interdiction Program. An increase in humanitarian and civic action projects in this AOR may occur if CONUS forces are available and HCA budgets are increased.

d: The USCINCLANT AOR corresponds to the prevailing path of hurricanes. The Air Force Reserves and Air National Guard will respond with post-hurricane assistance and reconstruction when directed by competent authority.

e: Disaster response teams will continue to deploy wherever they are needed to support the operational needs of the Air Force.

Senator DIXON. How much of this training is planned for in fiscal year 1991?

General AHEARN. a. Our presence on the two islands is continual. CAT Chuuk 90-02 will be replaced by CAT Chuuk 91-01 on 15 November 1990. The follow on contingent, CAT Chuuk 91-03 arrives 15 July 1991. CAT Pohnpei 91-02 deploys 25 April 1991.

b. Two active duty construction deployments are scheduled for fiscal year 1991 to Soto Cano AS, HO. Each will consist of 40 persons, deploying for a 2 week period with the primary mission of vertical construction in support of military operational requirements.

c. There are 12 annual tour deployments (2 weeks) of 40 person teams from the Air Force Reserves scheduled for vertical construction/MCA projects in Honduras in fiscal year 1991. In addition, the AF Reserve Engineers will: drill wells in Belize and Guatemala, repave an existing taxi way in Bolivia, and construct a rural clinic in Venezuela. The Air National Guard will operate seven annual tour 40 person deployments for vertical construction/HCA projects at Soto Cano AB and three MCA projects in Costa Rica.

d. The USCINCLANT 5 year HCA plan provides for some annual 2 week deployments to the Lesser Antilles through 1995.

e. Training to respond to natural disasters is continual for Air Force Engineering and Services teams.

MISCELLANEOUS QUESTIONS

Senator DIXON. Admiral Buffington, civic action projects by military engineering units have long been viewed as an excellent source of training as well as an opportunity to advance U.S. interests through nation building and humanitarian assistance. Do you foresee that these sorts of activities will increase in the coming years? How much of this training is planned for in fiscal year 1991? For the record, could you provide the subcommittee a record of the last 3 years of engineering training under civic action or similar programs. The data should include a brief description of the projects, e.g. location, duration, estimated person days, type of construction, training objective and cost which exceed normal training expenses.

Admiral BUFFINGTON. Civic action projects by Navy Seabees will continue at about the same level barring any unforeseen natural disaster which will require an increase in humanitarian assistance. Current plan is for 22 HA/CA projects in 14 countries, in fiscal year 1991.

FY-90	Type Const	Mandays
Location		
West Africa	HA/CA Rehab	TBD
countries TBD	Schools, Hosp etc	
Jamaica	Hurricane Gilbert	TBD
	Relief, New Const	
Tunisia	Flood Relief	2500
Puerto Castilla	New Const. (PEB's)	1100
Honduras		
Morocco	School Rehab	1000
Yoro Providence	Well drilling	900
Honduras		
Punta Raton	New school	1400
Honduras		
Yap	Block const, roads	2000
Palau	Heavy timber, water lines	1400
WESTPAC/ Micronesia	Schools, hospitals, etc.	363
FY-89		
West Africa;	HA/CA; Rehab	877
Conakry, Guinea,	schools, hospitals	
Freetown, Sierra	etc. max 25K	
Monrovia, Liberia,	each country	
Libreville, Gabon		
Honduras	School Rehab	200
Potos	Small projects in	1775
Bolivia	5 villages in conjunction with JCS exercise	

Puerto Castilla	New school	250
Honduras		
Jamaica	Hurricane Gilbert	1960
	Relief new const.	
Costa Rica	Well drilling	1691
Palau	Block const, roads	2200
Yap	Heavy timber,	1600
	water lines	
WESTPAC/ Micronesia	Schools, Hospitals,	306
FY-88	dive locker	
Bolivia	Hospital Barge Rehab	936
Costa Rica	Well drilling	882
West Africa;	Rehab schools	931
Abijan, Accra,	Hospitals etc	
Ghana, Lome,	max 25K each country	
Togo		
Dominica	Erosion control	1836
	project	
WESTPAC/ Micronesia	Housing, med clinics	465
Palau	Heavy const	1800
Yap	Roads, waterlines	2000

Senator DIXON. Civic action projects by military engineering units have long been viewed as an excellent source of training as well as an opportunity to advance U.S. interests through nation building and humanitarian assistance. Do you foresee that these sorts of activities will increase in the coming years?

How much of this training is planned for in fiscal year 1991?

For the record, could you provide the subcommittee a record of the last 3 years of engineering training under civic action or similar programs. The data should include a brief description of the projects, i.e. location, duration, estimated person days, type of construction, training objective, and costs which exceeded normal training expenses.

General ADAMS. Engineer elements of Marine Air-Ground Task Forces (MAGTF) have the capability to provide limited engineering and minor construction/repair of civilian facilities. Marine Corps participation in civic action projects is normally under the control of the Commander in Chief (CINC) of the unified command to which the MAGTF is assigned. Civic action projects are CINC generated, coordinated and funded, and therefore best addressed by the CINC. There has been increased participation in activities of this nature, particularly in CINCSOUTH, CINCCENT and CINCPAC. (Further information will be provided for the record).

General ADAMS. During the last several years, Marine Corps engineer elements have participated in the following civic action projects:

Vista Alegre, Panama. Project consisted of minor bridge repair, 4 man-days expended in January 1990.

Arraijan, Panama. Minor bridge repair which required 16 man-days, conducted during February 1990.

Trujillo, Honduras. 1,113 man-days were devoted to road repair during March-April 1990. A similar project was also undertaken in *Punta Raton, Honduras*, requiring 425 man days. Both projects were part of exercise Ahuas Tara 1-90.

Lopez, Taulabe and Comayagua, Honduras. During this deployment for training this spring 6,162 man-days were devoted to road repair, bridge construction and construction of a school.

Antigua. Reserve engineers participating in joint overseas training during June 1990 devoted 555 man days to renovate and improve a school building, a health clinic, and an athletic field complex.

Pa Wai, Thailand. During Operation Cobra Gold 90, 325 man days will be required to construct a school house.

Loguillo, Puerto Rico. During a March through April 1990 deployment for training, 1,035 man days were expended in road repair.

Volcano National Park, Hawaii. In August 1989, 180 man days were devoted to the construction of a rappelling training tower for the Hawaii Drug Enforcement Agency.

The costs of these projects were either borne by the requesting organization, or were Title X funded. In all cases, these projects afforded excellent opportunities for training and employment of MOS related construction skills.

Senator DIXON. General Ahearn, as you know, the issue of constructing aircraft maintenance shelters for every B-2 aircraft has come under criticism. Please update the subcommittee on the service review of this issue.

General AHEARN. This issue has come under criticism and much of what has been printed has misrepresented the cost and features of the shelters. Furthermore the advantages and cost benefits have been understated if stated at all.

The unit cost of a B-2 maintenance dock is \$4.7 million for the building itself; another 2.4 million is required in associated military construction. The cost of the remaining program is approximately \$413 million for the docks and related military construction. The Air Force is currently reviewing the program to further minimize costs through a two-fold approach. First, functional criteria are under consideration for further reductions and second, new building technologies are being investigated for their application to B-2 requirements.

The revolutionary 21st century technologies of the B-2 require new maintenance procedures and concepts. The facility plans are designed to compliment and support the techniques required in the climates typical of intercontinental bomber bases.

The facility siting is based on the base comprehensive plan and it considers the requirements of full generation and increased alert conditions.

Senator DIXON. When will the Air Force decide which approach it will pursue in developing a Titan IV launch capability at Vandenberg Air Force Base? Will you be able to provide the committee definitive operational and cost data on the alternatives prior to our marking up the authorization bill?

General AHEARN. The Air Force is studying the implications of complying with congressional direction if SLC-7 is the preferred site. A preferred site will be selected before 15 June 1990. If the Air Force chooses the SLC-7 alternative as the preferred site, then we will return to Congress requesting the appropriate direction.

Senator DIXON. The fiscal year 1991 request includes \$10 million for options on land whose development could jeopardize safe missile launch operations at Vandenberg. I understand from your testimony that funding for any actual land purchase will be requested in subsequent years. What is the outyear cost of this initiative?

General AHEARN. We are in the process of letting appraisal contracts to establish the current market values. Appraisals should be completed in 6 or 7 months. At that time the cost will be more clearly defined.

Senator DIXON. Please provide the subcommittee a break out of your fiscal year 1991 real property maintenance request by geographic area, e.g. CONUS, Europe, Asia, and other.

General AHEARN. Based on the fiscal year 1991 President's budget, real property maintenance funding is distributed by geographic location as follows:

	Millions
USA	\$1,384
Europe	253
Pacific	44
Far West	94
Central America	9

FISCAL YEAR 1991 REAL PROPERTY MAINTENANCE

Senator DIXON. Please provide the subcommittee a break out of your 1991 real property maintenance request by geographic area, e.g. CONUS, Europe, Asia, and other.

General OFFRINGA. Following is a break out of the fiscal year 1991 real property maintenance request by geographic area:

	<i>Millions</i>
Europe.....	\$1,399.6
Pacific.....	398.7
CONUS.....	2,073.9
Total.....	3,872.2

Admiral BUFFINGTON. The following is a break out of the Navy's real property maintenance request by geographical area:

Location	\$000
CONUS	849,961
Europe	42,580
Asia	46,280
Other	53,037
Total	991,858

General ADAMS. The fiscal year 1991 real property maintenance requests by geographic area is a total of \$281.6 million; consisting of \$227.8 CONUS and \$53.8 Asia.

PENTAGON TRANSFER

Senator DIXON. Mr. Cooke, in your joint report to Congress, you state that there was a difference of opinion between the GSA and DOD regarding the length of time and overall cost of the Pentagon renovation. What was the magnitude of these differences? What is the basis of believing that the DOD estimates are more correct?

Mr. COOKE. Based upon preliminary, order of magnitude estimates, DOD has stated that the project can be completed for about \$1.031 billion in 11 years and GSA has estimated in their 11b Report a cost of \$1.221 billion with a duration of 17 years. These are estimated costs which are escalated to the mid-point of the projected construction period. A comparison of the base estimates shows that both DOD and GSA have used the same base and there is agreement on the estimated cost of the renovation.

The difference in the estimated project duration is explained by a number of factors. First, GSA does not start the renovation until August 1994, fiscal year 1994, almost fiscal year 1995. DOD starts the renovation in November 1992, fiscal year 1993, a difference of nearly 2 years. Second, GSA's construction duration is 12 years, almost 13 years, while DOD's construction duration is 8 years. This is due primarily to a difference in professional opinion on how quickly wedges can be renovated. Please be mindful that the predecessor of the Corps of Engineers constructed the Pentagon in a period of 16 months. The impetus at that time was somewhat different than now, but the attitude of the organization still carries through. The Corps of Engineers will manage to an 8 year construction duration. Although there could be some slippage as renovation is underway, the COE concept of phased completion and turnover within a wedge is geared to minimizing risks from delays. GSA has added about 8 months to the renovation time for each wedge to allow more time for asbestos removal, interim moves, and potential security, communications and coordination problems. There may very well be slippages to the GSA plan just the same, but GSA simply estimates more time to complete the work.

Senator DIXON. As part of the Department's legislative proposal of the Pentagon transfer, you recommend establishing an industrial fund to support the renovation and operation of the complex. I gather that means that each military service or agency would pay a proportionate share of the costs based upon its level of occupancy.

Is the current cost of renting the Pentagon complex from GSA allocated to DOD tenants according to occupancy? If not, what mechanism will the Department use to ensure that the tenants' budgets are increased to accommodate this added expense?

Mr. COOKE. Currently, the GSA charges for the building are allocated to the building tenants for space in the Pentagon according to the amount of space occupied. However, once sent to GSA, DOD has no control over the use of funds collected.

Under the DOD proposal, the monies that would have been paid to GSA for the Pentagon Reservation would be placed in an industrial fund controlled by DOD and used for operation, maintenance and protection of the Pentagon and FB-2, and for renovation of the Pentagon and construction of a new heating plant. A funding pro-

file including O&M costs, and the costs for Milcon and swing space, shows that the building could be renovated from the monies placed in this fund, in about 14 years.

During the early years, some Milcon funds would be required; however, over the 14 years of the renovation period, the Milcon cost would be recovered. Following completion of the renovation, if ownership is transferred to DOD, the charges to the tenants would be reduced to cover only the O&M costs for the Pentagon Reservation. At this time, a substantial reduction in charges to the tenant organizations would occur.

Senator DIXON. The report which the DOD and GSA provided to Congress suggests that the two agencies have reached a consensus regarding the economic justification for completely replacing the Pentagon heating plant. Have you evaluated the feasibility and desirability of constructing and operating this plant through a third party, either as a heating or cogeneration plant?

Mr. COOKE. Yes, DOD has prepared both a cogeneration study and a third party study. The conclusions of both of these studies is that the Government should construct the new heating plant. The limited size of the site and the Government's low cost for electrical service makes it less economical for either cogeneration or third party provision of the heating and cooling services.

Senator DIXON. Will the Pentagon renovation require any further interagency coordination such as an Environmental Assessment, design approval by local architectural review agencies, or approval of the County of Arlington? If so, are these coordinations under way?

Mr. COOKE. We will fully coordinate the projects with local and State officials for environmental, planning and transportation aspects of the proposals. We will also seek the advice and comments of the Commission of Fine Arts and the National Capital Planning Commission. Through the Corps of Engineers, we have contracted for the master plan and requisite environmental documentation that will form the basis for coordination and consultation.

Senator DIXON. Mr. Austin, how does the need for additional leased space for displaced Pentagon employees relate to the ongoing initiative to find other leased facilities for Navy activities currently in the Crystal City area?

Mr. AUSTIN. The initiative the General Services Administration (GSA) has underway for Navy activities in the Crystal City area is unaffected by Pentagon space issues. This is because GSA's efforts to house the Navy addresses only the 20 leased locations currently occupied by that service in the Crystal City area. The Navy space in the Pentagon is planned to remain at essentially the same level and to continue in that building, although temporary housing during repairs and renovations to the building will probably be necessary.

Senator DIXON. Mr. Austin, can you provide the subcommittee an update on the Navy initiative?

Mr. AUSTIN. In response to a Solicitation for Offers (SFO), the General Services Administration's (GSA's) National Capital Regional Office has received detailed proposals for 3 million square feet of space to be occupied by the Navy offices presently in leased space in Crystal City. Since the hearing, based on a reassessment of Navy's space requirements, GSA has issued an amended SFO. The proposals are now being modified by the offerors to allow the Government the option of leasing between 2 million and 3 million square feet of space. GSA is also preparing an Environmental Impact Statement concerning the Navy's housing in northern Virginia. Next spring, GSA expects to announce a preferred location to house the Navy activities, and that location will likely combine purchase and leasing if the initiative is not fully funded.

Senator DIXON. Mr. Austin, in your prepared statement, you outline the proposed changes in property disposal law which are contained in the Defense Department's legislative proposals for streamlining the base closure process and implementing Defense management review initiatives. These generally transfer property disposal responsibilities from the GSA to the DOD, and permit the Department to retain all or a portion of the proceeds of property sales. What is your Agency's view of these two provisions?

Mr. AUSTIN. GSA considers the procedures established by the Federal Property and Administrative Services Act of 1949 (Property Act), as amended, as providing the most efficient, equitable and economical manner for the Government to manage and dispose of its assets. Although we asserted that same view when we participated in the forum that eventually led to enactment of the military base closure and realignment provisions in Public Law 100-526, we ultimately joined in support of the legislation because it sustained the basic property management philosophy in the Property Act.

With respect to provisions in the legislation which would allow DOD to retain portions of the proceeds from the sale of base closure property, we wish to point out that GSA has long been cognizant of a need to somehow provide tangible inducements to Federal landholding agencies to stimulate the decisionmaking necessary for more timely release of unneeded real property. Agreeing in principle with the concept of granting relinquishing agencies a share of the monies recovered through real property dispositions, and seeing what we thought might offer a solution, we submitted on August 20, 1990, to both Houses of Congress a legislative proposal which would allow Federal agencies releasing excess property to enjoy a return of 50 percent of the proceeds realized when disposition is accomplished by a sale of the property.

By contrast, the legislation now before this committee would favor DOD's base closure programs in ways not available to the programs of other agencies. We firmly believe that enactment of our proposal and its subsequent general application would be the more equitable measure and prove to be adequate for DOD's purposes.

Senator DIXON. Mr. Austin, yesterday, the subcommittee heard testimony from Senator William Roth, the sponsor of S. 2122 [S. 2212]. This proposal would also alter the process of property disposal to give greater priority to local communities. In Senator Roth's view, this change would help coalesce community support for plans to reuse excess military bases and expedite the removal of the property from the Federal roles.

What is the Agency's view of this legislation? Based upon your extensive experience with property disposal, do you believe that the changes recommended in S. 2122 [S. 2212] will materially reduce the disposal time and save the Government money?

Mr. AUSTIN. To achieve its purpose, S. 2212 would require that the real property constituting each military base duly selected for closure in accordance with applicable law be offered, under certain uniform terms and in order of preference, to the local communities, counties, and States in which the property is located. Affected property would be subject to further Federal uses only if none of the eligible non-Federal governmental units opted to acquire it.

Such process would constitute a reversal of the property disposition provisions in the Federal Property and Administrative Services Act of 1949 (Property Act), as amended, the law of general application from which GSA's chief authorities and functions are derived. As a matter of general policy, GSA is vigorously opposed to legislation which would override the Property Act. That law has long been seen to best serve the interests of both the Government and the public respecting the utilization and disposal of the Nation's real property assets, and we believe that it should continue to be recognized as the preferred mechanism for sharing such assets with State and local units of government.

We certainly agree that it is essential that those communities not be forgotten who so long hosted the military presence and by necessity entrusted their economies and the livelihood of their citizens to the defense of the Nation. We believe, however, that many issues must also be weighed as the Government continues the complicated task of consolidating its defense resources.

Public Law 100-526 required GSA to delegate certain of its property management authorities to the Department of Defense (DOD) as a contribution to the base closure effort. We ultimately supported its enactment because we saw that it made no fundamental change to Property Act procedures and that it preserved important qualities of the earlier law, including the numerous provisions for alternative uses of unneeded Federal property which give fiscal and employment advantages to public bodies. We continue to believe that the Government's base closure measures can best be realized if they are conducted in concert with the Property Act to accomplish the necessary economic adjustments.

On the question of whether the bill would generate savings in time and money, we do not see that as a likely outcome.

Regarding time considerations, S. 2212 allows affected communities, counties, and States 6 months, 3 months, and 2 months respectively to exercise what amounts to a first right of refusal option to acquire affected base closure property. Because such periods are apparently not to run concurrently, it is conceivable that a particular property could languish in the Government's inventory, generating costs of protection and maintenance, for as long as 11 months before it would be available for transfer to another agency to satisfy a further Federal need, no matter how pressing that need might be.

By contrast, under the Property Act, property reported to GSA as excess to the needs of a Federal agency is screened before the remaining agencies for a period of only 30 days. If none of them request the property to support any of their mission

requirements, it is determined to be surplus property and next described to State and local governments who may then avail themselves of a 60-day period to express a desire to acquire the property or otherwise comment on the Government's plans to dispose of it. For cause, reasonable extensions of time can be granted to any public entity for purposes of making arrangements to acquire Federal surplus property, but the total period made available to such an entity to complete its arrangements would rarely, if ever, match the 11-month window provided in S. 2212.

With respect to money savings, we believe that the bill's contemplated attendance to the needs of State and local governmental bodies before those of Federal agencies would be unlikely to present fiscal advantage to the Government. In addition to the potential costs of protection and maintenance to be absorbed by the Government during the 11-month evaluation window, appreciable administrative and auditing costs would be likely to accrue throughout the 25-year period in which, pursuant to the bill, the Government would retain a compensable interest in the conveyed property.

More dramatically, however, it must be imagined that in many instances where eligible non-Federal governmental bodies opt to acquire real property in accordance with S. 2212, the remaining Federal agencies, having been denied the use of DOD's unneeded landholdings, will find it necessary to make reciprocal new acquisitions of real property in order to sustain their mission requirements. Given such a scenario, it is difficult to see how the bill's processes would present any net savings to the Government.

QUESTIONS SUBMITTED BY SENATOR STROM THURMOND

LEGISLATIVE PROPOSAL

Senator THURMOND. Mr. Berteau, the Defense Department is proposing legislation to allow one command in each service to approve any project costing \$5 million or less, whether or not the project is appropriated. The funding for these projects would come from the total appropriations available to the command for projects costing \$5 million or less.

Do you envision any limit on the number of projects that can be built under this authority? Would the command have to get approval from the service headquarters?

Mr. BERTEAU. The number of projects a command could build under this test authority would be limited to the amount of funds authorized and appropriated for this purpose at the selected commands.

There would be no advance approval required of the service headquarters to execute projects within the funds appropriated. However, periodic reports would be prepared to assess whether the commands make good use of the authority. It should be noted that repair projects of similar scope and complexity are routinely programmed and executed in this manner.

FOREIGN LEASES

Senator THURMOND. Mr. Berteau, your statement reflects that the 25 percent increase in the family housing leasing request will be for new foreign leases coming on line.

Would you tell us where the Department will make these leases and the reasons for them?

Mr. BERTEAU. Increased execution of the Army's Government Rental Housing Program (GRHP) in Germany accounts for most of the new foreign leasing. The average number of GRHP units is projected to increase from 6,312 in fiscal year 1990 to 15,412 in fiscal year 1991. GRHP was developed in an effort to help solve financial hardships encountered by many soldiers and families in establishing private residences in Europe. Benefits include the elimination of "up-front" initial occupancy costs to soldiers, increased concurrent travel opportunities, and reduced TLA payments because soldiers are housed sooner. The cost of GRHP leases compares favorably with the housing allowances. Our legislative proposal to authorize an additional 1,225 overseas leased units will allow the Navy to try a similar program in Europe and Japan.

LIVING CONDITIONS

Senator THURMOND. General Offringa, the Army's request for quality of life programs, such as troop housing and community support, has been reduced by 30 percent in fiscal year 1990 and 1991. Yet, you state that the Army is continuing to im-

prove the quality of life of many of our soldiers and their families? Could you tell us how you will accomplish those improvements despite the reductions.

General OFFRINGA. The Army's support for improving the living and working conditions of soldiers for fiscal year 1991 is shown in the chart below:

<u>Facilities</u>	<u>Number of Projects</u>	<u>\$M</u>
Barracks and Dining Facilities	2	20
Child Development Centers	3	5
Hardstands/Tact Equip Shops	14	119
Instructional Facilities	6	45
Physical Fitness Centers	3	19
Ranges	15	66
Religious Facilities	2	6

In addition, the Army has identified four more child development centers to be acquired by third party contracting which would cost an estimated \$8.3 million if acquired by MCA. Total Army funding has declined but the Army continues to build and request projects which support quality of life programs.

Compared to fiscal year 1989, appropriations for Army Family Housing (AFH) were 5 percent less in fiscal year 1990 and 6 percent higher in fiscal year 1991. The Army has balanced our requirements for housing soldiers with the requirement for improvement, maintenance and repair of existing housing to get the most benefit for the limited funding available.

EUROPEAN CONSTRUCTION

Senator THURMOND. General Offringa, the Army's military construction request for Europe is approximately \$167 million for fiscal year 1991. Does this funding level reflect the possible troop reductions envisioned under a Conventional Forces Europe agreement? If you did not have budget constraints what would be the real funding requirement for construction in Europe?

General OFFRINGA. The current Army fiscal year 1991 program for Europe is \$63 million (minus \$3.5 million for the Ready Building at Camp May, Germany). This reflects possible troop reduction under Conventional Forces, Europe. Until a CFE agreement is finalized the exact military construction requirement for Europe will not be known. In the interim, CINCUSAREUR has planned for a construction level of approximately \$100 million per year at locations which will be retained in any CFE force structure scenario and this is the amount we would program for Europe if it were not for budget constraints.

802 HOUSING

Senator THURMOND. General Ahearn, the 802 guaranteed rental program has been a failure up to this point. In your statement you indicate that you are aggressively pursuing a new approach in this area. Could you give us some details on your program?

General AHEARN. Changes in the fiscal year 1990 bill paved the way for greater use of the 802 program by removing several inhibiting restrictions. The revised legislation makes optional the requirement for a clause rendering a contract null and void if the developer fails to perform maintenance. This can reduce project cost (interest rates) significantly. Additionally, it permits the Government to collect rent and perform operation and maintenance by separate agreement, and to pay for utilities and services to the same extent that such services are provided to Government owned units if the 802 project is on Federal land. Finally, it allows utilizing existing assets, which are in need of whole house repairs but not extensive structural modifications, to be improved under section 802. These changes provide incentive for extensive use of this cost effective program on Federal land by providing a practical means to acquire a properly maintained housing project at the end of the rental guarantee period. The revised 802 program provides an extremely cost effective, "pay as you go" tool to reduce the housing deficit and to replace much of our aging housing stock. Currently, the Air Force is pursuing an 802 project to renovate 585 existing units and construct 50 new units at McConnell AFB, KS.

Senator THURMOND. Mr. Hinton, in your review of the 802 housing program you give the reasons why the Department of Defense believes the program did not work in the past.

Do you agree with the Department's reasons; and, in your judgment will the fixes Congress made in the program last year be sufficient incentive to generate contractor interest?

Mr. HINTON. We have not independently examined why the 802 housing program has not worked in the past and therefore we cannot evaluate DOD's reasons for the failure of the program nor the adequacy of last year's legislative changes to revitalize the program.

B-2 CONSTRUCTION

Senator THURMOND. General Ahearn, considering the uncertainty of funding for the B-2 and the Peacekeeper-Rail Garrison program. What is the impact if the construction funding for these programs is deferred until we have a clearer indication of the program's status?

General AHEARN. The impact is that some need dates for facilities will be missed and personnel and maintenance support facilities may not be available for increasing base population and equipment deliveries. A further impact is that we may be forced into a situation of developing a construction program in subsequent years that is not executable due to its size.

Regarding Peacekeeper-Rail Garrison, further delays in the construction program could potentially impact initial operating capability.

DEFERRAL

Senator THURMOND. General Adams, the Marine Corps is deferring a \$2.8 billion facilities backlog due to budget constraints and higher priorities. Could you give us some examples of the type of work you are deferring and what future funding implication this benign neglect will have on the Marine Corps?

General ADAMS. The Marine Corps Military Construction requests over the past few years have been balanced programs that emphasized improvements in the categories of operations and training, maintenance, and quality of life. Within budget constraints, this emphasis will continue. Reduced funding will affect all categories of construction, but will have particular adverse affect on supply and storage, administrative facilities, and utilities. Examples of deferred work include construction of warehouses for ground and aviation functions, replacement of aging organizational headquarters, and postponing road and airfield improvements. This backlog will begin to be addressed when construction can be funded at a higher level.

HURRICANE DAMAGE, CHARLESTON SOUTH CAROLINA

Senator THURMOND. Admiral Buffington, would you give us an update on what progress the Navy is making in repairing the hurricane damage at the Charleston Navy Base? Is additional funding required for this effort?

Admiral BUFFINGTON. Repairs at Naval Base Charleston are progressing satisfactorily. Costs to restore the building and equipment damage at Charleston exceed \$176 million from all appropriations. Emergency or essential clean-up and repairs have been made to restore basic operations and remove any safety or health hazards. Major building repairs which required initial engineering design work have just recently moved into the construction phase. The Milcon projects to replace the buildings which were totally destroyed are still in the design phase and we will begin to award construction contracts later this year.

The fiscal year 1990 Defense Authorization and Appropriation Acts provided the Secretary of Defense extraordinary authority to transfer funds to repair damage inflicted by Hurricane Hugo. With all of the other anticipated bills the Department has been asked to help pay this year, such as Nicaragua and Panama aid, and Drug Interdiction, it has been difficult to identify additional offsets to fund the hurricane recovery program. I believe that we will, however, in time be able to identify sufficient offsets from other accounts, making additional appropriations unnecessary.

[Whereupon, at 10:48 a.m., the subcommittee adjourned, to reconvene upon the call of the Chair.]

